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Manufacturing Investment Statistics

Capital Appropriations

Third Quarter 1983

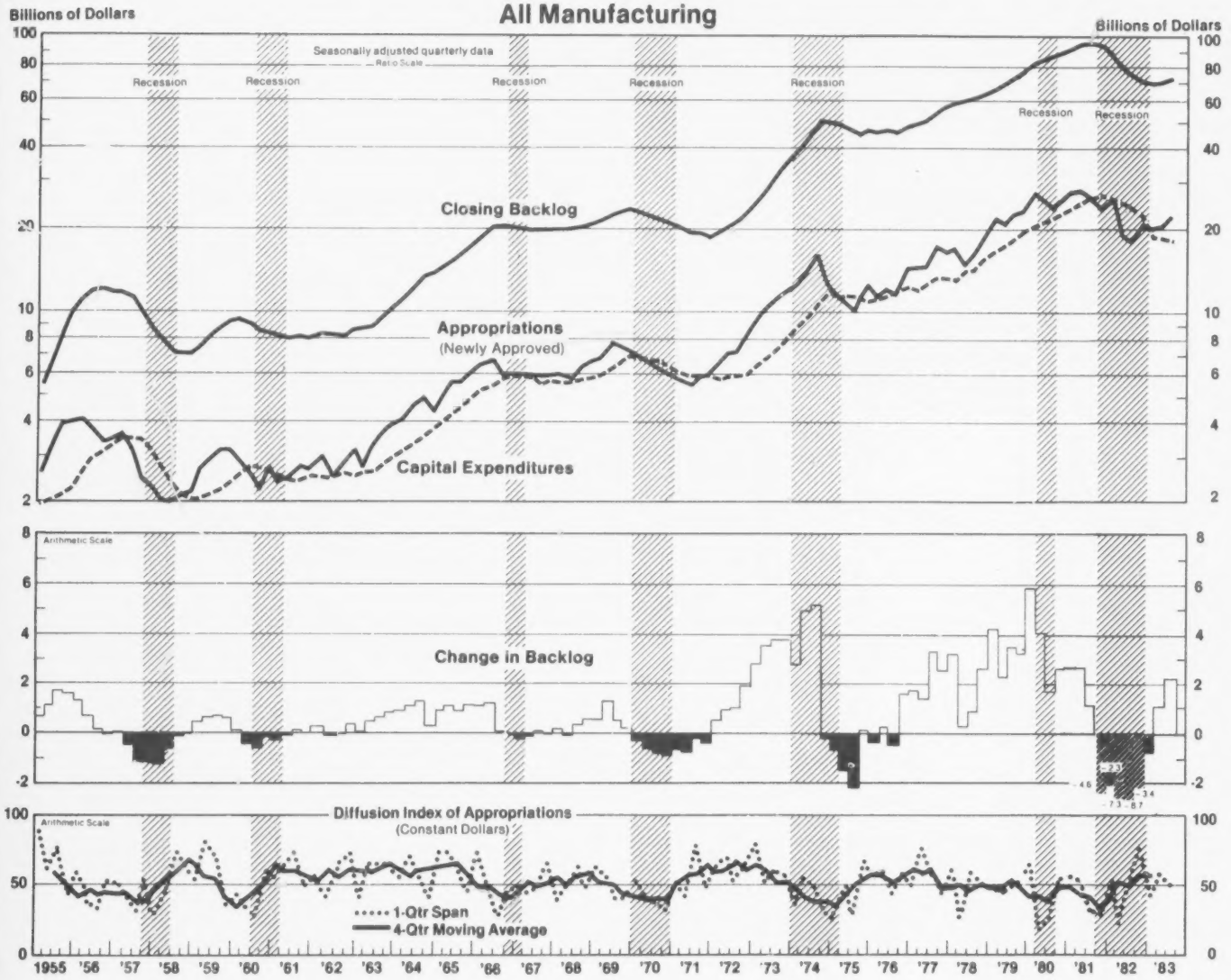
and

Capital Investment and Supply Conditions

October 1983

The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



Surveys conducted by Margaret M. Nichols
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The Conference Board
Quarterly Survey of Capital Appropriations
Third Quarter 1983

Capacity utilization in manufacturing has been rising. Economic activity has been expanding much faster than was expected early in 1983 and corporate profits and cash flow have rebounded vigorously. *Yet the recovery in manufacturers' capital investment has thus far been modest: The large manufacturers' capital appropriations continue to recover, but not very rapidly, and their capital spending is unexciting.* It is to be expected that capital investment recovery will lag behind economic recovery, especially in the case of capital investment by manufacturers. However, *the current outlook for 1984 investment programs is rather soft, and that is somewhat surprising in light of the brisk economic recovery this year.*

Third Quarter Developments

New capital appropriations of the nation's 1,000 largest manufacturers were $22.6 billion (seasonally adjusted) in the third quarter, up 9.5% from the second quarter. The second-quarter figure has been revised down by 1.5% as the result of data from late-reporting companies. The third quarter saw a big rebound in appropriations of the petroleum industry following a big drop in the second quarter. That industry is so large that changes in its appropriations and spending have a very substantial impact on the all-manufacturing data. Excluding petroleum, third-quarter appropriations rose only 3.5 percent. However, that very modest figure must be judged in light of a very large increase—14.5%—in non-petroleum appropriations in the preceding quarter.

While manufacturers made new appropriations of $22.6 billion in the third quarter, *cancellations and adjustments of previously approved appropriations amounted to $2.1 billion. Consequently, net new appropriations were $20.5 billion in the third quarter, up 3.9% from the second quarter.* The cancellations/adjustments figure of $2.1 billion was back up in the high ranges seen during the recession, following a drop to a more normal $0.9 billion in the second quarter. However, the rebound of cancellations/adjustments was centered in one large industry, petroleum, which accounted for two-thirds of the rise. The increase in non-petroleum cancellations/adjustments did not carry that figure to unusual levels. *The net new appropriations of non-petroleum companies were $15.3 billion, essentially unchanged from the second quarter's $15.2 billion.*

Capital spending by the 1,000 largest manufacturers was $18.3 billion (seasonally adjusted) in the third quarter, down 1.9% from the second. This marked the sixth consecutive quarterly decline and put spending 31% below the peak reached in the first quarter of 1982. Excluding petroleum, spending fell 1.0% in the third quarter to $13.6 billion (seasonally adjusted), which was 24% below the peak reached two years earlier.

Capital spending of $18.3 billion in the third quarter was $2.2 billion below the net new appropriations of $20.5 billion. Consequently, *the backlog of unspent appropriations rose by $2.2 billion to $73.4 billion (seasonally adjusted), a gain of 3.1% from the second quarter.* The backlog has now risen a total of 4.9% in two quarters, following a drop of 27.9% in the previous six quarters.

The Outlook

The quarterly survey of the 1,000 largest manufacturers asks for the companies' expected annual appropriations and expenditures. The latest survey is the first one to ask about expectations for 1984, and it dropped the question on 1983 expectations. *On the basis of three quarters of actual data for 1983 and conservative projections for the fourth quarter, it appears that the large manufacturers' spending this year will be down about 25% from 1982 but that appropriations will be off very little if at all.* This year's big spending drop is a natural consequence of last year's big (18%) decline in appropriations. These estimates for 1983 are entered in Table 4 (page 6) along with actual percent changes for 1982 and the first reading of 1984 expectations.

The 1984 expectations point to a sharp rebound of both appropriations and spending in the petroleum industry (up 58% and 117%, respectively), but lackluster performance by other manufacturing industries taken as a group. Non-petroleum appropriations are projected to show an outright decline (3%) in 1984, which seems improbable; non-petroleum spending is projected to rise 15%, which is a reasonably strong gain in an absolute sense but not particularly strong against the background of the severe weakness of recent years.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	IV-82 to I-83	I-83 to II-83	II-83 to III-83	III-82 to III-83	IV-82 to I-83	I-83 to II-83	II-83 to III-83	III-82 to III-83
				—APPROPRIATIONS—				
ALL MANUFACTURING	— 6.1	2.3	9.5	22.5	— 6.7	3.7	9.2	24.9
ALL MFG. EX PETROLEUM	— 8.2	14.5	3.5	26.7	— 7.3	12.6	2.6	27.6
DURABLE GOODS	— 0.5	15.3	— 3.2	26.7	1.0	12.9	— 4.3	27.7
Primary iron & steel	39.9	142.6	—53.3	9.9	40.5	135.4	—53.3	8.1
Primary nonferrous metals	—45.1	259.3	—33.0	23.9	—43.4	229.7	—28.4	20.1
Electrical machinery & equipment	—14.6	52.6	—25.3	14.8	—14.8	48.4	—25.1	11.7
Nonelectrical machinery	—18.5	— 0.8	45.9	49.4	—15.5	— 3.5	43.4	55.7
Motor vehicles & equipment	49.6	—18.2	—10.9	— 7.8	56.3	—19.2	—13.9	— 5.1
Other transportation equipment	8.7	—13.8	19.2	60.2	7.0	—12.4	14.3	64.1
Stone, clay & glass	—53.1	98.4	— 5.8	20.0	—52.9	97.4	— 7.4	17.3
Fabricated metals	0.0	64.0	—16.2	38.0	0.4	63.3	—17.2	40.4
Instruments & photo equipment	1.3	—10.1	16.2	17.3	0.8	—9.9	13.5	17.0
Other durable goods†	169.8	—46.1	— 6.4	128.7	170.9	—50.1	— 5.8	137.3
NONDURABLE GOODS	— 9.6	— 6.7	20.1	19.8	—11.8	— 3.1	20.9	23.0
Food & beverages	—27.1	9.6	32.8	62.6	—27.0	9.1	33.6	62.9
Textiles	10.7	—16.8	56.5	3.3	11.6	—16.9	51.8	0.0
Paper & allied products	37.7	—51.4	47.5	17.4	39.6	—52.0	48.6	18.2
Chemicals & allied products	—27.9	26.5	23.5	28.1	—29.0	25.9	22.6	29.1
Petroleum & coal products	— 1.6	—22.0	27.0	13.5	— 5.5	—16.3	29.1	18.9
Rubber products	—17.5	58.7	—12.7	58.4	—16.1	63.1	—14.2	62.7
Other nondurable goods†	—21.8	70.8	—42.9	—18.9	—20.4	67.8	—42.8	—17.4
				—EXPENDITURES—				
ALL MANUFACTURING	—17.7	— 1.1	— 1.9	—23.8	—17.8	— 0.2	— 2.1	—22.1
ALL MFG. EX PETROLEUM	—11.2	— 0.2	1.0	—14.2	—10.6	— 1.6	0.1	—13.5
DURABLE GOODS	—11.5	— 3.3	2.7	—18.8	—10.3	— 5.3	1.2	—18.2
Primary iron & steel	—15.2	3.0	—23.3	—45.7	—14.9	0.0	—23.2	—46.8
Primary nonferrous metals	1.0	—14.7	36.0	— 2.2	4.1	—21.7	45.4	— 4.7
Electrical machinery & equipment	— 3.8	— 5.6	3.9	6.2	— 4.0	— 8.2	4.1	3.2
Nonelectrical machinery	— 6.8	— 8.7	2.8	—30.1	— 3.3	—11.2	1.0	—27.2
Motor vehicles & equipment	—21.8	— 1.8	— 0.9	—29.9	—18.3	— 2.9	— 4.2	—27.9
Other transportation equipment	— 6.2	0.7	8.8	2.6	— 7.8	2.2	4.5	4.8
Stone, clay & glass	—11.5	4.3	3.8	— 3.1	—11.1	3.8	2.0	— 5.8
Fabricated metals	—29.9	— 7.2	— 2.4	—45.8	—29.6	— 7.6	— 3.5	—44.7
Instruments & photo equipment	—17.5	2.2	2.0	—15.1	—18.0	2.4	—0.4	—15.4
Other durable goods†	—26.1	10.9	18.7	4.0	—25.7	2.7	19.4	7.1
NONDURABLE GOODS	—21.6	0.6	— 5.1	—27.1	—22.8	3.8	—4.4	—24.8
Food & beverages	— 4.0	5.1	— 1.0	— 0.7	— 3.9	4.6	— 0.4	— 0.6
Textiles	—13.7	— 9.0	25.0	1.9	—13.1	— 9.1	21.2	— 2.2
Paper & allied products	—10.8	— 2.3	— 6.2	—12.9	— 9.6	— 3.4	— 5.5	—12.3
Chemicals & allied products	—12.5	— 2.7	1.1	—15.5	—13.8	— 3.1	0.4	—14.8
Petroleum & coal products	—30.3	— 3.3	— 9.3	—42.3	—33.1	3.8	— 7.8	—39.5
Rubber products	— 5.4	39.7	—14.0	23.7	— 3.8	43.5	—15.5	27.6
Other nondurable goods†	—17.6	33.4	— 6.3	—12.3	—16.1	31.1	— 6.1	14.6

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Quarterly Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	IV-82	I-83	II-83	III-83	IV-82	I-83	II-83	III-83
ALL MANUFACTURING								
Opening backlog	74,153	70,758	70,042	71,163	74,440	72,707	72,309	72,870
Newly approved	21,488	20,176	20,633	22,587	10,838	10,107	10,483	11,447
Canceled	1,996	2,051	869	2,053	1,018	1,007	443	1,037
Capital expenditure	22,887	18,841	18,643	18,293	11,553	9,499	9,479	9,284
Closing backlog	70,758	70,042	71,163	73,404	72,707	72,309	72,870	73,996
DURABLE GOODS								
Opening backlog	28,391	27,040	26,434	27,725	32,362	31,643	31,313	31,964
Newly approved	8,238	8,197	9,453	9,155	4,260	4,303	4,858	4,647
Canceled	640	885	507	300	338	469	265	153
Capital expenditure	8,949	7,918	7,655	7,860	4,641	4,163	3,943	3,991
Closing backlog	27,040	26,434	27,725	28,720	31,643	31,313	31,964	32,467
Primary iron & steel								
Opening backlog	3,394	2,717	2,199	2,302	5,103	4,736	4,454	4,508
Newly approved	238	333	808	377	129	181	427	200
Canceled	213	256	92	—38	116	139	49	—20
Capital expenditure	702	595	613	470	381	324	324	249
Closing backlog	2,717	2,199	2,302	2,247	4,736	4,454	4,508	4,479
Primary nonferrous metals								
Opening backlog	3,157	3,156	2,933	3,191	3,447	3,447	3,330	3,454
Newly approved	255	140	503	337	130	73	242	173
Canceled	—47	57	—16	3	—24	30	—8	2
Capital expenditure	303	306	261	355	154	160	126	183
Closing backlog	3,156	2,933	3,191	3,170	3,447	3,330	3,454	3,443
Electrical machinery & equipment								
Opening backlog	3,517	3,575	3,405	4,177	3,893	3,923	3,835	4,223
Newly approved	1,790	1,529	2,334	1,744	929	791	1,175	880
Canceled	60	90	43	11	31	47	22	6
Capital expenditure	1,672	1,609	1,519	1,578	867	833	764	796
Closing backlog	3,575	3,405	4,177	4,332	3,923	3,835	4,223	4,302
Nonelectrical machinery								
Opening backlog	5,465	5,449	5,271	5,330	5,448	5,440	5,345	5,376
Newly approved	2,294	1,869	1,854	2,705	1,178	996	961	1,378
Canceled	89	—24	—95	402	46	—13	—49	205
Capital expenditure	2,221	2,071	1,890	1,942	1,141	1,104	980	989
Closing backlog	5,449	5,271	5,330	5,691	5,440	5,345	5,376	5,560
Motor vehicles & equipment								
Opening backlog	4,532	4,289	4,418	4,504	5,456	5,334	5,402	5,446
Newly approved	1,022	1,529	1,250	1,114	515	804	650	560
Canceled	81	474	255	—210	41	249	133	—106
Capital expenditure	1,184	926	909	901	596	487	473	453
Closing backlog	4,289	4,418	4,504	4,927	5,334	5,402	5,446	5,659
Other transportation equipment								
Opening backlog	2,130	2,147	2,326	2,337	2,092	2,101	2,190	2,196
Newly approved	861	936	807	961	439	470	412	471
Canceled	27	—9	25	46	14	—5	13	23
Capital expenditure	817	766	771	839	417	385	393	411
Closing backlog	2,147	2,326	2,337	2,413	2,101	2,190	2,196	2,233
Stone, clay & glass								
Opening backlog	1,550	1,610	1,468	1,429	1,963	1,994	1,919	1,898
Newly approved	520	244	484	456	275	130	256	237
Canceled	35	10	131	14	19	5	69	7
Capital expenditure	425	376	392	407	225	200	207	211
Closing backlog	1,610	1,468	1,429	1,464	1,994	1,919	1,898	1,916
Fabricated metals								
Opening backlog	1,493	1,272	1,212	1,362	1,573	1,456	1,424	1,503
Newly approved	214	214	351	294	113	113	185	153
Canceled	117	51	—6	10	62	27	—3	5
Capital expenditure	318	223	207	202	168	118	109	105
Closing backlog	1,272	1,212	1,362	1,444	1,456	1,424	1,503	1,546

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	IV-82	I-83	II-83	III-83	IV-82	I-82	II-83	III-83
Instruments & photo equipment								
Opening backlog	1,743	1,612	1,679	1,618	1,562	1,493	1,528	1,496
Newly approved	839	850	764	888	442	446	401	455
Canceled	35	12	37	52	18	6	19	27
Capital expenditure	935	771	788	804	493	404	414	412
Closing backlog	1,612	1,679	1,618	1,650	1,493	1,528	1,496	1,512
Other durable goods†								
Opening backlog	1,410	1,213	1,523	1,475	1,826	1,720	1,887	1,863
Newly approved	205	553	298	279	110	298	148	140
Canceled	30	—32	41	10	16	—17	20	5
Capital expenditure	372	275	305	362	199	148	152	181
Closing backlog	1,213	1,523	1,475	1,382	1,720	1,887	1,863	1,816
NONDURABLE GOODS								
Opening backlog	45,762	43,718	43,608	43,438	42,078	41,064	40,995	40,906
Newly approved	13,250	11,979	11,180	13,432	6,577	5,804	5,625	6,800
Canceled	1,356	1,166	362	1,753	680	537	178	884
Capital expenditure	13,938	10,923	10,988	10,433	6,911	5,336	5,536	5,292
Closing backlog	43,718	43,608	43,438	44,684	41,064	40,995	40,906	41,529
Food & beverages								
Opening backlog	3,198	3,523	3,445	3,505	3,677	3,840	3,801	3,831
Newly approved	1,780	1,298	1,422	1,888	896	654	713	953
Canceled	71	47	—35	93	36	24	—18	47
Capital expenditure	1,384	1,329	1,397	1,383	697	670	701	698
Closing backlog	3,523	3,445	3,505	3,917	3,840	3,801	3,831	4,039
Textiles								
Opening backlog	781	706	724	707	823	783	793	784
Newly approved	242	268	223	349	128	142	118	180
Canceled	47	17	28	9	25	9	15	5
Capital expenditure	270	233	212	265	142	124	112	136
Closing backlog	706	724	707	782	783	793	784	822
Paper & allied products								
Opening backlog	5,675	5,071	5,062	4,626	4,760	4,441	4,436	4,205
Newly approved	664	914	444	655	351	490	236	350
Canceled	306	65	42	133	162	35	22	71
Capital expenditure	962	858	838	786	509	460	445	420
Closing backlog	5,071	5,062	4,626	4,362	4,441	4,436	4,205	4,064
Chemicals & allied products								
Opening backlog	7,719	7,379	6,994	7,039	8,465	8,287	8,089	8,112
Newly approved	2,599	1,874	2,371	2,929	1,362	967	1,217	1,492
Canceled	279	—69	60	27	146	—36	31	14
Capital expenditure	2,660	2,328	2,266	2,292	1,394	1,201	1,164	1,168
Closing backlog	7,379	6,994	7,039	7,649	8,287	8,089	8,112	8,423
Petroleum and coal products								
Opening backlog	24,432	22,924	23,162	22,524	20,909	20,188	20,297	19,982
Newly approved	6,879	6,766	5,275	6,698	3,290	3,108	2,601	3,357
Canceled	660	1,146	707	1,468	316	526	349	736
Capital expenditure	7,727	5,382	5,206	4,724	3,695	2,472	2,567	2,368
Closing backlog	22,924	23,162	22,524	23,030	20,188	20,297	19,982	20,236
Rubber products								
Opening backlog	894	967	1,017	1,021	1,030	1,067	1,094	1,096
Newly approved	223	184	292	255	115	96	157	135
Canceled	—34	—40	45	15	—18	—21	24	8
Capital expenditure	184	174	243	209	95	91	131	111
Closing backlog	967	1,017	1,021	1,052	1,067	1,094	1,096	1,112
Other nondurable goods†								
Opening backlog	3,063	3,148	3,204	4,016	2,415	2,458	2,487	2,897
Newly approved	863	675	1,153	658	436	347	582	333
Canceled	27	0	—485	8	14	0	—245	4
Capital expenditure	751	619	826	774	379	318	417	392
Closing backlog	3,148	3,204	4,016	3,892	2,458	2,487	2,897	2,834

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	81-III	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III
ALL MANUFACTURING	19	18	20	25	23	17	18	21	22
DURABLE GOODS	19	18	21	25	24	17	17	21	23
Primary iron and steel	38	12	8	3	3	2	3	12	10
Primary nonferrous metals	16	24	14	17	10	22	15	40	19
Electrical machinery & equipment	16	13	22	14	16	16	19	27	25
Nonelectrical machinery	13	19	23	37	34	19	10	18	22
Motor vehicles & equipment	24	26	37	34	34	25	14	17	26
Other transportation equipment	25	38	23	38	40	21	28	23	34
Stone, clay & glass	19	9	8	15	8	10	11	12	16
Fabricated metals	30	14	17	15	21	11	12	13	15
Instruments & photo equipment	20	14	15	18	19	11	15	14	20
Other durable goods	17	13	25	16	36	6	7	30	27
NONDURABLE GOODS	18	19	19	26	21	17	19	21	21
Food & beverages	23	22	17	29	25	25	27	28	25
Textiles	14	14	15	15	7	11	11	11	19
Paper & allied products	6	17	9	11	9	10	8	11	7
Chemicals & allied products	20	20	18	33	24	13	20	21	22
Rubber products	13	12	43	20	19	18	15	6	10
Other nondurable goods	26	16	32	20	29	24	21	26	24

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1982 ACTUAL, 1983 ESTIMATED AND 1984 EXPECTED*

	Appropriations			Expenditures		
	1982	1983	1984	1982	1983	1984
All Manufacturing	—18	— 1	15	—3	—25	42
All Manufacturing except Petroleum	—20	10	—3	—6	—17	15
Durable goods	—24	14	—8	—7	—21	16
Nondurable goods	—14	—9	32	0	—27	61
Petroleum	—15	—19	58	6	—41	117
Other	—14	4	5	—6	—10	13

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS
In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1979	1980	1981	1982	1979	1980	1981	1982
				—APPROPRIATIONS—				
ALL MANUFACTURING	88,519	104,631	106,956	87,544	52,469	58,497	55,027	43,665
ALL MFG. EX. PETROLEUM	68,993	71,756	70,052	56,020	41,380	40,215	37,054	28,584
DURABLE GOODS	43,339	44,271	42,146	32,031	26,088	24,893	22,355	16,306
Primary iron & steel	3,559	2,889	5,210	1,563	2,175	1,663	2,736	841
Primary nonferrous metals	1,941	3,384	2,482	1,082	1,163	1,883	1,497	564
Electrical machinery & equipment	5,859	6,544	5,787	6,663	3,535	3,668	3,073	3,446
Nonelectrical machinery	10,236	9,368	12,700	8,710	6,183	5,324	6,674	4,351
Motor vehicles & equipment	8,129	7,110	3,489	3,915	4,897	3,985	1,793	1,924
Other transportation equipment	3,817	4,201	3,099	3,225	2,246	2,293	1,589	1,599
Stone, clay & glass	2,367	2,043	2,094	1,562	1,449	1,178	1,126	826
Fabricated metals	1,846	1,571	1,765	1,022	1,125	881	931	531
Instruments & photo equipment	2,925	3,114	4,273	3,372	1,765	1,782	2,273	1,753
Other durable goods†	2,660	4,047	1,247	917	1,549	2,236	663	470
NONDURABLE GOODS	45,180	60,360	64,810	55,513	26,381	33,604	32,672	27,359
Food & beverages	6,640	6,603	5,772	5,792	3,938	3,706	3,022	2,927
Textiles	960	999	1,150	1,028	574	568	610	541
Paper & allied products	3,979	3,576	5,010	4,006	2,440	2,050	2,704	2,130
Chemicals & allied products	10,725	12,170	12,019	9,476	6,346	6,718	6,328	4,828
Petroleum & coal products	19,526	32,875	36,904	31,524	11,089	18,282	17,973	15,081
Rubber products	1,057	902	813	776	645	524	431	391
Other nondurable goods†	2,293	3,235	3,142	2,911	1,350	1,756	1,603	1,459
				—EXPENDITURES—				
ALL MANUFACTURING	73,126	88,209	101,341	98,614	43,290	49,327	51,949	49,205
ALL MFG. EX. PETROLEUM	56,250	65,981	69,763	65,297	33,694	36,967	36,646	33,272
DURABLE GOODS	35,230	41,056	42,871	39,945	21,173	23,070	22,505	20,322
Primary iron & steel	3,243	3,458	3,405	3,545	1,973	1,992	1,797	1,912
Primary nonferrous metals	1,685	2,411	2,386	1,574	1,005	1,334	1,252	818
Electrical machinery & equipment	4,918	6,271	6,069	6,354	2,965	3,506	3,225	3,285
Nonelectrical machinery	8,400	9,826	11,289	10,906	5,060	5,569	5,939	5,425
Motor vehicles & equipment	5,335	5,555	6,688	5,610	3,213	3,109	3,429	2,749
Other transportation equipment	2,908	4,039	3,464	3,156	1,710	2,186	1,770	1,561
Stone, clay & glass	2,407	2,289	1,886	1,726	1,472	1,317	1,016	914
Fabricated metals	1,614	1,568	1,515	1,513	982	883	799	785
Instruments & photo equipment	2,389	2,889	3,629	3,827	1,445	1,653	1,931	1,988
Other durable goods†	2,331	2,750	2,540	1,734	1,346	1,521	1,347	885
NONDURABLE GOODS	37,896	47,153	58,470	58,669	22,117	26,257	29,443	28,883
Food & beverages	5,037	6,014	6,744	5,802	2,989	3,370	3,523	2,933
Textiles	763	900	1,039	1,044	459	508	550	550
Paper & allied products	3,018	3,859	3,746	3,653	1,841	2,199	2,025	1,935
Chemicals & allied products	9,309	10,918	11,785	11,180	5,506	6,021	6,199	5,690
Petroleum & coal products	16,876	22,228	31,578	33,317	9,595	12,360	15,303	15,933
Rubber products	963	801	749	704	588	465	398	355
Other nondurable goods†	1,930	2,433	2,829	2,969	1,139	1,333	1,445	1,487

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1983-II are revised; data for 1983-III are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

October 1983

The large manufacturers reporting to the October Survey of Capital Investment and Supply Conditions gave continuing evidence of a gradually improving economy. This included the first sign in two years of rising pressure on capacity, a further drop in the incidence of excess capacity, some new shortages and bottlenecks, and a modest rise in expansion-oriented spending programs. All of these improvements were undramatic, and will not strain the survey respondents' financial resources; in October, as in July, they expect to obtain a very high proportion of their capital investment funds from internal sources, at least through mid-1984.

Between July and October the percentage of respondents reporting "inadequate" capacity rose two points to 8% (weighted by assets, Table 1). This was about the same level as reported during the first half of 1982. Most of the overall rise in October was in two durables industries (nonferrous metals and motor vehicles). However, 12 of the 17 industries reported a decline in "more than adequate" capacity in October, with nonferrous metals, fabricated metal products, textiles, chemicals and petroleum leading the way. The overall 41% reporting excess capacity represented the third consecutive quarterly decline in this figure from its record-high 53% of last January. Similarly, the percentage of all survey respondents with more than 20% of available plant unused declined to 24% in October from a record 41% in January. But 24% is still a very high rate; in January 1976 (when *some* excess capacity was reported by a then-record 42% of the companies), only 14% of all respondents reported this high a degree of underutilization.

External shortages of raw materials and/or processed goods were reported by a few more companies in October (Table 3), but the effect on production levels was serious only in nonferrous metals and instruments. Several nonferrous (aluminum plate and sheet) products were also newly reported on allocation to customers, as well as certain types and sizes of automobile tires, and paper for use in photocopiers.

Plans for expansion of capacity were reported by 44% of the manufacturers, up from the record-low 41% in July (Table 2). The improvement comprised major increases in nonferrous metals, paper, chemicals and rubber, and minor increases in machinery, instruments, motor vehicles, textiles and petroleum. The October "expansion" response was highest in chemicals (75%), instruments (62%), nonelectrical machinery and nonautomotive transportation equipment (both 60%). Primary metals, both steel and nonferrous, accounted for October's higher incidence of planned reduction of facilities.

Not since 1976 have so few respondents experienced any tightening of external funds availability (2%, Table 5). And the expected resort to external funds for capital spending (Table 4) is also the lowest since 1976: 10.1% for the current half-year (a minuscule upward revision) and 9.4% for first half 1984 (revised down from 10.8%). There should be no pressure on interest rates from the large manufacturers while the profits outlook remains good.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983
					Inadequate					
All Manufacturing	9.3	10.1	8.3	8.4	7.9	7.0	6.8	6.8	6.3	8.3
Durable goods	13.2	14.9	13.0	11.4	10.9	11.1	10.2	10.8	9.5	14.7
Nondurable goods	5.7	5.7	4.3	5.9	5.2	3.3	3.7	3.4	3.5	3.2
					Sufficient					
All Manufacturing	50.5	52.8	52.8	45.7	45.0	41.9	39.8	44.6	47.9	50.6
Durable goods	52.1	52.4	50.8	47.6	44.6	39.4	34.0	40.6	50.0	44.3
Nondurable goods	49.1	53.2	54.5	44.1	45.3	44.1	45.0	47.9	46.0	55.6
					More Than Adequate					
All Manufacturing	40.2	37.1	38.9	45.9	47.1	51.1	53.4	48.6	45.8	41.1
Durable goods	34.7	32.7	36.2	41.0	44.5	49.5	55.9	48.6	40.5	41.0
Nondurable goods	45.3	41.1	41.2	50.1	49.6	52.6	51.3	48.7	50.5	41.2

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983
					Expansion					
All Manufacturing	66.8	71.4	63.9	55.0	56.5	56.8	46.1	45.6	40.6	44.4
Durable goods	62.1	60.9	59.0	55.7	53.3	40.7	39.9	43.4	40.9	46.0
Nondurable goods	71.1	80.8	68.0	54.3	59.5	71.6	51.7	47.3	40.3	43.1
					No Change					
All Manufacturing	32.0	27.2	34.6	41.9	36.1	37.1	44.4	44.5	50.3	44.7
Durable goods	35.7	36.4	38.5	38.7	38.5	46.9	49.3	45.5	48.8	39.9
Nondurable goods	28.6	19.0	31.4	44.8	33.9	28.1	40.0	43.6	51.6	48.5
					Reduction					
All Manufacturing	1.2	1.4	1.5	3.1	7.4	6.1	9.6	10.0	9.2	10.9
Durable goods	2.2	2.7	2.5	5.6	8.2	12.4	10.8	11.1	10.3	14.1
Nondurable goods	0.2	0.2	0.6	0.9	6.7	0.3	8.4	9.1	8.2	8.4

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983 (r)	Oct. 1983
					Raw Materials					
All Manufacturing	0.4	0.2	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.2
Durable goods	0.2	0.3	0.3	0.0	0.2	0.2	0.0	0.0	0.0	0.3
Nondurable goods	0.6	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1
					Processed Goods					
All Manufacturing	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.1
Durable goods	0.3	0.4	0.2	0.3	0.0	0.0	0.0	0.0	0.5	0.2
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	0.6	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Durable goods	1.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Nondurable goods	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1980		1981		1982		1983		1984
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r-3)	First Half (r-1)
From Internal Sources									
All Manufacturing	83.7	83.2	84.3	83.6	81.3	81.5	87.0	89.9	90.6
Durable goods	77.8	83.7	82.4	83.9	79.7	78.3	85.3	88.2	88.2
Nondurable goods	89.2	82.8	85.7	83.4	82.6	84.2	88.4	91.3	92.6
From External Sources									
All Manufacturing	16.3	16.8	15.7	16.4	18.7	18.5	13.0	10.1	9.4
Durable goods	22.2	16.3	17.6	16.1	20.3	21.7	14.7	11.8	11.8
Nondurable goods	10.8	17.2	14.3	16.6	17.4	15.8	11.6	8.7	7.4

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	July 1981	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983
Easier										
All Manufacturing	3.1	6.0	5.7	4.6	3.5	15.4	16.6	15.9	9.5	11.4
Durable goods	2.5	5.1	5.3	5.4	3.5	17.4	19.9	16.7	9.6	10.6
Nondurable goods	3.7	7.0	6.1	3.7	3.6	13.4	13.2	15.1	9.4	12.3
Same										
All Manufacturing	88.2	85.4	86.5	89.9	89.2	79.2	78.3	81.3	87.1	86.7
Durable goods	90.5	87.3	86.2	89.2	88.6	75.5	74.4	79.6	86.9	87.3
Nondurable goods	85.8	83.4	86.7	90.6	89.8	82.8	82.4	82.8	87.3	86.1
Tighter										
All Manufacturing	8.7	8.6	7.9	5.6	7.3	5.4	5.1	2.9	3.4	1.9
Durable goods	7.0	7.6	8.5	5.4	8.0	7.1	5.8	3.8	3.5	2.1
Nondurable goods	10.5	9.6	7.2	5.8	6.6	3.8	4.4	2.1	3.3	1.6

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.

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Capital Appropriations

Fourth Quarter 1983

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January 1984

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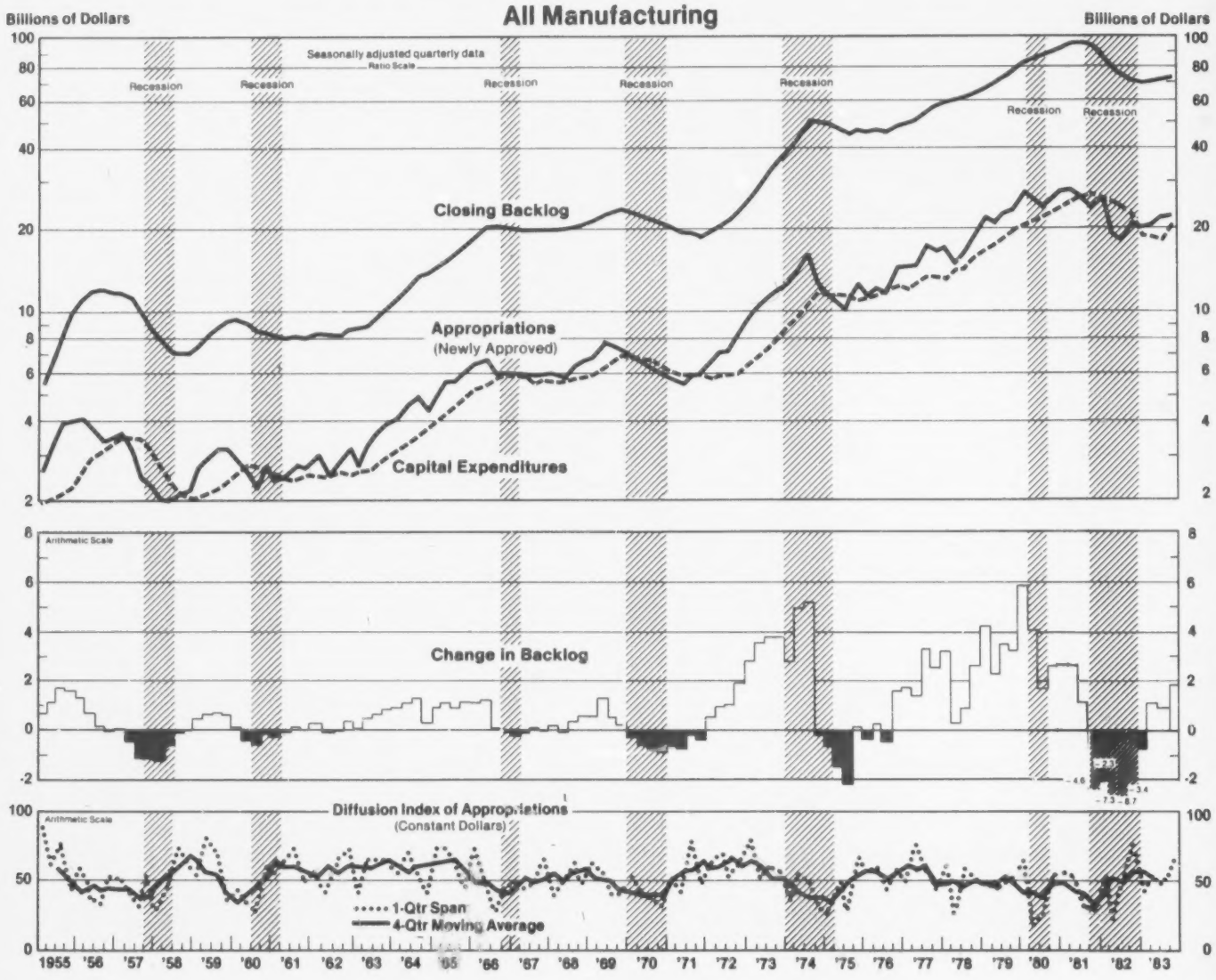
CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



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The Conference Board
Quarterly Survey of Capital Appropriations
Fourth Quarter 1983

During the fourth quarter of 1983, the 1,000 largest U.S. manufacturers appropriated $25.1 billion (seasonally adjusted) for new plant and equipment. This was up 13% from the third quarter and was the largest appropriation total in nearly two years. It almost equaled the $25.2 billion appropriated in the first quarter of 1982, but was nevertheless $3.0 billion below the peak reached in the second quarter of 1981. Durable goods producers' appropriations were up 29% in the fourth quarter after falling in the third. Appropriations in nondurables industries had risen 20% in the third quarter, but then went up only 2% in the fourth.

Appropriations fell in 1982 and early 1983 from the record levels reached in 1980-1981. The signs of recovery in the third quarter of 1983, when appropriations rose 8%, are confirmed by the 13% increase in the fourth quarter. *Ten of the 17 industries (7 durables groups and 3 nondurables) posted sturdy gains.* All but one (fabricated metals) of the industries posting declines in the fourth quarter had reported strong increases in the third quarter. Among these, petroleum, which had provided the major boost to the third-quarter total, proved to be a drag in the fourth quarter. Although petroleum appropriations declined only 4%, the industry is so large that this drop had a very significant impact on the all-manufacturing total. *When petroleum is excluded from the total, fourth-quarter appropriations are found to have been 20% above the third-quarter figure, the biggest quarterly percent increase in nonpetroleum appropriations since 1976.*

A year earlier, in fourth quarter 1982, the 1,000 largest manufacturers had also reported a promising quarterly increase in appropriations (16.5%, with ten industries rising), and were projecting stronger 1983 appropriations and expenditures than actually materialized. The manufacturers' January 1983 outlook for the full year was for a 12% rise from 1982 in appropriations and a nominal 1% decline in spending. *The actual (preliminary) 1983 totals have now revealed a mere 1% rise in appropriations and a 23% decline in spending (close to the October projections).* The erosion of last year's earliest expectations was widespread among industries but heavily weighted by petroleum.

The capital spending of the large manufacturers also rose robustly in the fourth quarter of 1983, advancing 12.5% to a seasonally adjusted $20.3 billion. This was the first increase in seven quarters, and was broadly based as only three industries posted declines, all of less than 5 percent.

Cancellations and other adjustments of prior appropriations were $3.4 billion in the fourth quarter. This is large relative to the usual range of cancellations-adjustments, but its unusual size seems to reflect an unusual number of adjustments and corrections as distinct from actual cancellations. *Net new appropriations were $21.7 billion in the fourth quarter, up 13.5% from the third quarter, and back to the level of two years earlier. However, the net figure was still more than $5 billion below the peak set in early 1980.*

With net capital appropriations of $21.7 billion in the fourth quarter and capital spending of $20.3 billion, the backlog of unexpended appropriations rose $1.3 billion (1.8%) to $73.5 billion at year end. This was the third consecutive small quarterly gain, following six quarters of decline that had cut the backlog from $97.1 billion to $70.0 billion.

Outlook

The survey respondents' January expectations indicate that 1984 appropriations will be 21% higher than last year's, and expenditures 23% higher. But these figures are heavily weighted by the petroleum industry. Nonpetroleum manufacturers expect only a 10% rise in 1984 appropriations and an 18% rise in 1984 spending. Nonetheless, the January nonpetroleum expectations are stronger than those reported in October 1983, while the petroleum expectations are less ebullient than in October.

Compared with the estimates of the U.S. Department of Commerce for all manufacturers, the annual percent changes in capital spending by the 1,000 largest manufacturers in the Conference Board survey are steeper, both in the 1983 decline and the expected 1984 rise. Commerce Department data for manufacturing indicate a 7% decline in 1983 (vs. -23% for the large companies) and a 16% rise in 1984 (vs. +23% for the large companies). Excluding petroleum, however, manufacturers' 1984 spending is currently estimated to rise by nearly the same percentage in both surveys: Commerce Department, 17%, and Conference Board, 18%.

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	I-83 to II-83	II-83 to III-83	III-83 to IV-83	IV-82 to IV-83	I-83 to II-83	II-83 to III-83	III-83 to IV-83	IV-82 to IV-83
				—APPROPRIATIONS—				
ALL MANUFACTURING	2.3	7.6	12.9	16.7	3.7	9.3	10.7	17.1
ALL MFG. EX PETROLEUM	14.5	0.9	20.4	27.7	12.6	0.3	19.0	24.7
DURABLE GOODS	15.3	— 6.5	29.4	39.0	12.9	— 7.4	27.8	35.0
Primary iron & steel	142.6	—53.3	54.6	145.0	135.4	—53.2	49.0	131.0
Primary nonferrous metals	259.3	—45.1	45.7	57.6	229.7	—41.0	35.3	48.5
Electrical machinery & equipment	52.6	—23.1	88.6	89.2	48.4	—23.0	87.7	82.8
Nonelectrical machinery	— 0.8	34.5	—28.7	—22.5	— 3.5	32.4	—32.7	—27.2
Motor vehicles & equipment	—18.2	—10.8	67.5	82.8	—19.2	—13.7	64.1	78.8
Other transportation equipment	—13.8	17.6	— 4.0	5.8	—12.4	13.0	1.7	7.7
Stone, clay & glass	98.4	— 5.2	13.1	— 0.2	97.4	— 6.7	11.7	— 2.9
Fabricated metals	64.0	—16.8	—24.7	2.8	63.3	—16.0	—26.3	1.8
Instruments & photo equipment	—10.1	14.0	24.3	29.1	— 9.9	11.8	24.1	26.0
Other durable goods†	—46.1	—28.2	225.2	239.5	—50.1	—27.6	245.8	237.3
NONDURABLE GOODS	— 6.7	19.5	2.0	2.8	— 3.1	23.8	— 0.4	5.5
Food & beverages	9.6	28.1	—15.8	—13.8	9.1	29.4	—16.4	—14.0
Textiles	—16.8	63.7	—15.6	27.3	—16.9	60.1	—16.3	23.4
Paper & allied products	—51.4	50.2	79.5	30.3	—52.0	51.7	72.3	75.5
Chemicals & allied products	26.5	25.0	— 2.9	10.7	25.9	23.8	— 3.7	6.6
Petroleum & coal products	—22.0	27.0	— 4.3	— 6.8	—16.3	36.6	— 7.8	— 0.4
Rubber products	58.7	—23.3	58.9	59.6	63.1	—24.5	54.1	59.1
Other nondurable goods†	70.8	—46.4	52.1	8.9	67.8	—46.0	52.8	10.1
				—EXPENDITURES—				
ALL MANUFACTURING	— 1.1	— 3.1	12.5	—11.2	— 0.2	— 1.6	10.2	—11.1
ALL MFG. EX PETROLEUM	— 0.2	— 0.9	14.1	0.2	— 1.6	— 1.6	12.5	— 2.6
DURABLE GOODS	— 3.3	— 0.8	19.9	1.7	— 5.3	— 2.0	18.0	— 1.7
Primary iron & steel	3.0	—24.3	5.6	—30.2	0.0	—24.1	1.7	—34.4
Primary nonferrous metals	—14.7	9.2	52.3	43.2	—21.7	17.3	41.4	35.1
Electrical machinery & equipment	— 5.6	5.4	31.0	25.4	— 8.2	5.5	30.4	21.2
Nonelectrical machinery	— 8.7	— 5.6	13.8	— 8.6	—11.2	— 7.0	7.4	—14.2
Motor vehicles & equipment	— 1.8	— 0.9	38.1	5.1	— 2.9	— 4.0	35.2	3.0
Other transportation equipment	0.7	7.9	5.2	7.1	2.2	3.7	11.4	8.9
Stone, clay & glass	4.3	4.1	23.3	18.4	3.8	2.4	21.8	15.1
Fabricated metals	— 7.2	— 2.4	15.3	—26.7	— 7.6	— 1.5	12.9	—28.0
Instruments & photo equipment	2.2	3.2	— 3.4	—16.0	2.4	1.2	— 3.7	—18.1
Other durable goods†	10.9	— 0.7	36.0	10.8	2.7	0.1	44.6	10.6
NONDURABLE GOODS	0.6	— 4.6	7.1	—19.5	3.8	— 1.4	4.7	—17.3
Food & beverages	5.1	— 3.9	12.6	9.2	4.6	— 2.8	11.7	9.0
Textiles	— 9.0	13.7	24.1	10.7	— 9.1	11.2	23.0	8.5
Paper & allied products	— 2.3	— 6.6	12.0	— 8.8	— 3.4	— 5.7	7.6	—11.4
Chemicals & allied products	— 2.7	4.7	— 0.7	—11.4	— 3.1	3.7	— 1.5	—14.7
Petroleum & coal products	— 3.3	— 8.7	8.1	—33.5	3.8	— 1.8	4.2	—29.0
Rubber products	39.7	—14.4	45.7	64.7	43.5	—15.7	41.2	64.2
Other nondurable goods†	33.4	— 5.7	— 4.7	— 1.2	31.1	— 5.0	— 4.3	0.0

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	I-83	II-83	III-83	IV-83	I-83	II-83	III-83	IV-83
ALL MANUFACTURING								
Opening backlog	70,758	70.042	71,163	72,171	72,707	72,309	72,870	73,373
Newly approved	20,176	20,633	22,200	25,071	10,107	10,483	11,462	12,687
Canceled	2,051	869	3,120	3,416	1,007	443	1,636	1,739
Capital expenditure	18,841	18,643	18,072	20,331	9,499	9,479	9,323	10,275
Closing backlog	70,042	71,163	72,171	73,495	72,309	72,870	73,373	74,046
DURABLE GOODS								
Opening backlog	27,040	26,434	27,725	28,654	31,643	31,313	31,964	32,434
Newly approved	8,197	9,453	8,843	11,447	4,303	4,858	4,497	5,750
Canceled	885	507	320	1,094	469	265	163	552
Capital expenditure	7,918	7,655	7,594	9,104	4,163	3,943	3,863	4,560
Closing backlog	26,434	27,725	28,654	29,903	31,313	31,964	32,434	33,072
Primary iron & steel								
Opening backlog	2,717	2,199	2,302	2,253	4,736	4,454	4,508	4,482
Newly approved	333	808	377	583	181	427	200	298
Canceled	256	92	—38	140	139	49	—20	72
Capital expenditure	595	613	464	490	324	324	246	250
Closing backlog	2,199	2,302	2,253	2,206	4,454	4,508	4,482	4,458
Primary nonferrous metals								
Opening backlog	3,156	2,933	3,191	3,182	3,447	3,330	3,454	3,449
Newly approved	140	503	276	402	73	242	143	193
Canceled	57	—16	0	37	30	—8	0	18
Capital expenditure	306	261	285	434	160	126	147	208
Closing backlog	2,933	3,191	3,182	3,113	3,330	3,454	3,449	3,416
Electrical machinery & equipment								
Opening backlog	3,575	3,405	4,177	4,361	3,923	3,835	4,223	4,316
Newly approved	1,529	2,334	1,796	3,387	791	1,175	905	1,698
Canceled	90	43	11	258	47	22	6	129
Capital expenditure	1,609	1,519	1,601	2,097	833	764	806	1,051
Closing backlog	3,405	4,177	4,361	5,393	3,835	4,223	4,316	4,833
Nonelectrical machinery								
Opening backlog	5,449	5,271	5,330	5,620	5,440	5,345	5,376	5,524
Newly approved	1,869	1,854	2,494	1,778	996	961	1,273	857
Canceled	—24	—95	419	52	—13	—49	214	25
Capital expenditure	2,071	1,890	1,785	2,031	1,104	980	911	979
Closing backlog	5,271	5,330	5,620	5,315	5,345	5,376	5,524	5,377
Motor vehicles & equipment								
Opening backlog	4,289	4,418	4,504	4,928	5,334	5,402	5,446	5,660
Newly approved	1,529	1,250	1,115	1,868	804	650	562	921
Canceled	474	255	—210	289	249	133	—106	143
Capital expenditure	926	909	901	1,244	487	473	454	614
Closing backlog	4,418	4,504	4,928	5,263	5,402	5,446	5,660	5,825
Other transportation equipment								
Opening backlog	2,147	2,326	2,337	2,409	2,101	2,190	2,196	2,231
Newly approved	936	807	949	911	470	412	465	473
Canceled	—9	25	45	70	—5	13	22	36
Capital expenditure	766	771	832	875	385	393	408	454
Closing backlog	2,326	2,337	2,409	2,375	2,190	2,196	2,231	2,214
Stone, clay & glass								
Opening backlog	1,610	1,468	1,429	1,484	1,994	1,919	1,898	1,927
Newly approved	244	484	459	519	130	256	239	267
Canceled	10	131	—4	14	5	69	—2	7
Capital expenditure	376	392	408	503	200	207	212	259
Closing backlog	1,468	1,429	1,484	1,486	1,919	1,898	1,927	1,928
Fabricated metals								
Opening backlog	1,272	1,212	1,362	1,441	1,456	1,424	1,503	1,546
Newly approved	214	351	292	220	113	185	155	115
Canceled	51	—6	11	61	27	—3	6	32
Capital expenditure	223	207	202	233	118	109	108	121
Closing backlog	1,212	1,362	1,441	1,367	1,424	1,503	1,546	1,507

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	I-83	II-83	III-83	IV-83	I-82	II-83	III-83	IV-83
Instruments & photo equipment								
Opening backlog	1,612	1,679	1,618	1,601	1,493	1,528	1,496	1,487
Newly approved	850	764	871	1,083	446	401	449	557
Canceled	12	37	75	88	6	19	39	45
Capital expenditure	771	788	813	785	404	414	419	404
Closing backlog	1,679	1,618	1,601	1,811	1,528	1,496	1,487	1,595
Other durable goods†								
Opening backlog	1,213	1,523	1,475	1,375	1,720	1,887	1,863	1,813
Newly approved	553	298	214	696	298	148	107	371
Canceled	—32	41	11	85	—17	20	6	45
Capital expenditure	275	305	303	412	148	152	152	220
Closing backlog	1,523	1,475	1,375	1,574	1,887	1,863	1,813	1,919
NONDURABLE GOODS								
Opening backlog	43,718	43,608	43,438	43,517	41,064	40,995	40,906	40,938
Newly approved	11,979	11,180	13,357	13,624	5,804	5,625	6,964	6,937
Canceled	1,166	362	2,800	2,322	537	178	1,472	1,187
Capital expenditure	10,923	10,988	10,478	11,227	5,336	5,536	5,460	5,712
Closing backlog	43,608	43,438	43,517	43,592	40,995	40,906	40,938	40,974
Food & beverages								
Opening backlog	3,523	3,445	3,505	3,944	3,840	3,801	3,831	4,050
Newly approved	1,298	1,422	1,821	1,534	654	713	923	771
Canceled	47	—35	39	101	24	—18	20	51
Capital expenditure	1,329	1,397	1,343	1,512	670	701	681	760
Closing backlog	3,445	3,505	3,944	3,865	3,801	3,831	4,050	4,014
Textiles								
Opening backlog	706	724	707	817	783	793	784	841
Newly approved	268	223	365	308	142	118	189	158
Canceled	17	28	14	3	9	15	7	2
Capital expenditure	233	212	241	299	124	112	125	154
Closing backlog	724	707	817	823	793	784	841	844
Paper & allied products								
Opening backlog	5,071	5,062	4,626	4,364	4,441	4,436	4,205	4,064
Newly approved	914	444	667	1,197	490	236	357	616
Canceled	65	42	146	590	35	22	78	303
Capital expenditure	858	838	783	877	460	445	419	451
Closing backlog	5,062	4,626	4,364	4,094	4,436	4,205	4,064	3,925
Chemicals & allied products								
Opening backlog	7,379	6,994	7,039	7,104	8,287	8,089	8,112	8,145
Newly approved	1,874	2,371	2,964	2,878	967	1,217	1,508	1,452
Canceled	—69	60	526	129	—36	31	268	65
Capital expenditure	2,328	2,266	2,373	2,357	1,201	1,164	1,207	1,189
Closing backlog	6,994	7,039	7,104	7,496	8,089	8,112	8,145	8,343
Petroleum and coal products								
Opening backlog	22,924	23,162	22,524	22,488	20,188	20,297	19,982	19,963
Newly approved	6,766	5,275	6,698	6,411	3,108	2,601	3,554	3,276
Canceled	1,146	707	1,983	1,571	526	349	1,052	803
Capital expenditure	5,382	5,206	4,751	5,137	2,472	2,567	2,521	2,625
Closing backlog	23,162	22,524	22,488	22,191	20,297	19,982	19,963	19,811
Rubber products								
Opening backlog	967	1,017	1,021	1,007	1,067	1,094	1,096	1,088
Newly approved	184	292	224	356	96	157	119	183
Canceled	—40	45	30	—72	—21	24	16	—37
Capital expenditure	174	243	208	303	91	131	110	156
Closing backlog	1,017	1,021	1,007	1,132	1,094	1,096	1,088	1,153
Other nondurable goods†								
Opening backlog	3,148	3,204	4,016	3,793	2,458	2,487	2,897	2,783
Newly approved	675	1,153	618	940	347	582	314	480
Canceled	0	—485	62	0	0	—245	32	0
Capital expenditure	619	826	779	742	318	417	396	379
Closing backlog	3,204	4,016	3,793	3,991	2,487	2,897	2,783	2,884

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	81-III	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV
ALL MANUFACTURING	19	18	20	25	23	17	18	21	22	23
DURABLE GOODS	19	18	21	25	24	17	17	21	23	24
Primary iron and steel	38	12	8	3	3	2	3	12	10	18
Primary nonferrous metals	16	24	14	17	10	22	15	40	18	37
Electrical machinery & equipment	16	13	22	14	16	16	19	27	26	24
Nonelectrical machinery	13	19	23	37	34	19	10	18	22	36
Motor vehicles & equipment	24	26	37	34	34	25	14	17	26	29
Other transportation equipment	25	38	23	38	40	21	28	23	34	13
Stone, clay & glass	19	9	8	15	8	10	11	12	16	16
Fabricated metals	30	14	17	15	21	11	12	13	9	12
Instruments & photo equipment	20	14	15	18	19	11	15	14	19	16
Other durable goods	17	13	25	16	36	6	7	30	27	4
NONDURABLE GOODS	18	19	19	26	21	17	19	21	21	20
Food & beverages	23	22	17	29	25	25	27	28	24	23
Textiles	14	14	15	15	7	11	11	11	17	16
Paper & allied products	6	17	9	11	9	10	8	11	7	16
Chemicals & allied products	20	20	18	33	24	13	20	21	23	22
Rubber products	13	12	43	20	19	18	15	6	10	16
Other nondurable goods	26	16	32	20	29	24	21	26	23	18

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1982 AND 1983 ACTUAL, 1984 EXPECTED*

	Appropriations			Expenditures		
	1982	1983	1984	1982	1983	1984
All Manufacturing	—18	1	21	—3	—23	23
All Manufacturing except Petroleum	—20	11	10	—6	—15	18
Durable goods	—24	17	3	—7	—19	20
Nondurable goods	—14	—9	34	0	—26	25
Petroleum	—15	—18	48	6	—39	38
Other	—14	3	20	—6	—9	14

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1980	1981	1982	1983	1980	1981	1982	1983
				—APPROPRIATIONS—				
ALL MANUFACTURING	104,631	106,956	87,544	88,109	58,497	55,027	43,665	
ALL MFG. EX PETROLEUM	71,756	70,052	56,020	62,386	40,215	37,054	28,584	
DURABLE GOODS	44,271	42,146	32,031	37,588	24,893	22,355	16,306	
Primary iron & steel	2,889	5,210	1,563	2,113	1,663	2,736	841	
Primary nonferrous metals	3,384	2,482	1,082	1,160	1,883	1,497	564	
Electrical machinery & equipment	6,544	5,787	6,663	8,860	3,668	3,073	3,446	
Nonelectrical machinery	9,368	12,700	8,710	7,905	5,324	6,674	4,351	
Motor vehicles & equipment	7,110	3,489	3,915	5,811	3,985	1,793	1,924	
Other transportation equipment	4,201	3,099	3,225	3,641	2,293	1,589	1,599	
Stone, clay & glass	2,043	2,094	1,562	1,638	1,178	1,126	826	
Fabricated metals	1,571	1,765	1,022	1,026	881	931	531	
Instruments & photo equipment	3,114	4,273	3,372	3,561	1,782	2,273	1,753	
Other durable goods†	4,047	1,247	917	1,873	2,236	663	470	
NONDURABLE GOODS	60,360	64,810	55,513	50,521	33,604	32,672	27,359	
Food & beverages	6,603	5,772	5,792	6,042	3,706	3,022	2,927	
Textiles	999	1,150	1,028	1,179	568	610	541	
Paper & allied products	3,576	5,010	4,006	3,225	2,050	2,704	2,130	
Chemicals & allied products	12,170	12,019	9,476	10,042	6,718	6,328	4,828	
Petroleum & coal products	32,875	36,904	31,524	25,723	18,282	17,973	15,081	
Rubber products	902	813	776	991	524	431	391	
Other nondurable goods†	3,235	3,142	2,911	3,319	1,756	1,603	1,459	
				—EXPENDITURES—				
ALL MANUFACTURING	88,209	101,341	98,614	76,104	49,327	51,949	49,205	
ALL MFG. EX PETROLEUM	65,981	69,763	65,297	55,660	36,967	36,646	33,272	
DURABLE GOODS	41,056	42,871	39,945	32,479	23,070	22,505	20,322	
Primary iron & steel	3,458	3,405	3,545	2,139	1,992	1,797	1,912	
Primary nonferrous metals	2,411	2,386	1,574	1,299	1,334	1,252	818	
Electrical machinery & equipment	6,271	6,069	6,354	6,983	3,506	3,225	3,285	
Nonelectrical machinery	9,826	11,289	10,906	7,776	5,569	5,939	5,425	
Motor vehicles & equipment	5,555	6,688	5,610	3,682	3,109	3,429	2,749	
Other transportation equipment	4,039	3,464	3,156	3,583	2,186	1,770	1,561	
Stone, clay & glass	2,289	1,886	1,726	1,695	1,317	1,016	914	
Fabricated metals	1,568	1,515	1,513	866	883	799	785	
Instruments & photo equipment	2,889	3,629	3,827	3,157	1,653	1,931	1,988	
Other durable goods†	2,750	2,540	1,734	1,299	1,521	1,347	885	
NONDURABLE GOODS	47,153	58,470	58,669	43,625	26,257	29,443	28,883	
Food & beverages	6,014	6,744	5,802	5,590	3,370	3,523	2,933	
Textiles	900	1,039	1,044	984	508	550	550	
Paper & allied products	3,859	3,746	3,653	3,361	2,199	2,025	1,935	
Chemicals & allied products	10,918	11,785	11,180	9,328	6,021	6,199	5,690	
Petroleum & coal products	22,228	31,578	33,317	20,444	12,360	15,303	15,933	
Rubber products	801	749	704	939	465	398	355	
Other nondurable goods†	2,433	2,829	2,969	2,979	1,333	1,445	1,487	

1983 constant-dollar data will be published later in 1984.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1983-III are revised; data for 1983-IV are preliminary. 1983 totals are preliminary.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment
and Supply Conditions in Manufacturing
January 1984

The January 1984 Survey of Capital Investment and Supply Conditions found further increases in capacity use and planning reported by a sample of the 1,000 largest manufacturers. Throughout manufacturing, many companies shifted their response into a category indicating higher demand pressures in January. Supply shortages were still infrequent, however. A very slight indication of tighter availability of external funds accompanied an upward revision in the estimated resort to such funds for capital investment in the current half-year.

Reports of excess capacity continued to decline in January as more of the respondents reported their manufacturing facilities either "sufficient" or "inadequate" to meet current demand. Propelled by sizable increases in the nonferrous metals, motor vehicle and other transportation equipment industries, the proportion of firms reporting inadequate capacity rose in January to nearly 10% (weighted by assets, Table 1)—the highest figure in more than two years. In the survey's 19-year span, this figure has averaged 21% and ranged between 6% (July 1983) and 58% (January 1974). Capacity was reported sufficient by 53% of respondents this January, continuing a steady improvement from the low 40% a year earlier. Only some 37% of January respondents had "more than adequate" capacity, down from the record-high 53% a year earlier. The January declines, overall, in both amount and degree of plant underutilization were attributable largely to durables industries, most notably the primary metals groups, motor vehicles, and other transport equipment.

Current capital spending programs were aimed toward expansion of capacity for 46% of the respondents in January (Table 2), an increase from October attributable mainly to three industries: motor vehicles, other transport equipment, and "other" nondurables. Plans to reduce manufacturing capacity dropped sharply between the October and January surveys. Seven industries including petroleum, primary metals, and nonelectrical machinery reported a lower incidence of such plans, which are now negligible in the nondurables sector for the first time since October 1982.

Some rise in the use of external capital funds anticipated by a handful of petroleum firms contributed to the January revision of this figure from 9.4% to 12.3% of total capital investment financing in the current half-year (Table 4). But durables firms made no revision in the relatively low 11.8% estimated in October, and their second-half 1984 projection was a near-record-low 9.9%.

External funds availability was perceived as unchanged since October by 88% of the respondents (Table 5). There have been no major shifts in response to this question since October 1982, when availability was found to have eased somewhat. In this January's survey, less than 3% of the companies said their access to external funds had tightened—up slightly from the October survey.

Paper companies have reported products on allocation constantly since 1976, but most intensively in 1978-80. The two latest surveys suggest renewed pressure on this industry as a few more items return to allocation status.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984
					Inadequate					
All Manufacturing	10.1	8.3	8.4	7.9	7.0	6.8	6.8	6.3	8.3	9.6
Durable goods	14.9	13.0	11.4	10.9	11.1	10.2	10.8	9.5	14.7	18.3
Nondurable goods	5.7	4.3	5.9	5.2	3.3	3.7	3.4	3.5	3.2	2.6
					Sufficient					
All Manufacturing	52.8	52.8	45.7	45.0	41.9	39.8	44.6	47.9	50.6	52.9
Durable goods	52.4	50.8	47.6	44.6	39.4	34.0	40.6	50.0	44.3	47.5
Nondurable goods	53.2	54.5	44.1	45.3	44.1	45.0	47.9	46.0	55.6	57.2
					More Than Adequate					
All Manufacturing	37.1	38.9	45.9	47.1	51.1	53.4	48.6	45.8	41.1	37.5
Durable goods	32.7	36.2	41.0	44.5	49.5	55.9	48.6	40.5	41.0	34.2
Nondurable goods	41.1	41.2	50.1	49.6	52.6	51.3	48.7	50.5	41.2	40.2

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984
					Expansion					
All Manufacturing	71.4	63.9	55.0	56.5	56.8	46.1	45.6	40.6	44.4	46.1
Durable goods	60.9	59.0	55.7	53.3	40.7	39.9	43.4	40.9	46.0	45.2
Nondurable goods	80.8	68.0	54.3	59.5	71.6	51.7	47.3	40.3	43.1	46.9
					No Change					
All Manufacturing	27.2	34.6	41.9	36.1	37.1	44.4	44.5	50.3	44.7	48.3
Durable goods	36.4	38.5	38.7	38.5	46.9	49.3	45.5	48.8	39.9	42.6
Nondurable goods	19.0	31.4	44.8	33.9	28.1	40.0	43.6	51.6	48.5	52.8
					Reduction					
All Manufacturing	1.4	1.5	3.1	7.4	6.1	9.6	10.0	9.2	10.9	5.6
Durable goods	2.7	2.5	5.6	8.2	12.4	10.8	11.1	10.3	14.1	12.2
Nondurable goods	0.2	0.6	0.9	6.7	0.3	8.4	9.1	8.2	8.4	0.3

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984
					Raw Materials					
All Manufacturing	0.2	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.2	0.8
Durable goods	0.3	0.3	0.0	0.2	0.2	0.0	0.0	0.0	0.3	1.0
Nondurable goods	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.6
					Processed Goods					
All Manufacturing	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.1
Durable goods	0.4	0.2	0.3	0.0	0.0	0.0	0.0	0.5	0.2	0.2
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Durable goods	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1980		1981		1982		1983		1984	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half
									(r-2)	(p)
From Internal Sources										
All Manufacturing	83.7	83.2	84.3	83.6	81.3	81.5	87.0	89.9	87.7	89.1
Durable goods	77.8	83.7	82.4	83.9	79.7	78.3	85.3	88.2	88.2	90.1
Nondurable goods	89.2	82.8	85.7	83.4	82.6	84.2	88.4	91.3	87.3	88.3
From External Sources										
All Manufacturing	16.3	16.8	15.7	16.4	18.7	18.5	13.0	10.1	12.3	10.9
Durable goods	22.2	16.3	17.6	16.1	20.3	21.7	14.7	11.8	11.8	9.9
Nondurable goods	10.8	17.2	14.3	16.6	17.4	15.8	11.6	8.7	12.7	11.7

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Oct. 1981	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984
Easier										
All Manufacturing	6.0	5.7	4.6	3.5	15.4	16.6	15.9	9.5	11.4	9.3
Durable goods	5.1	5.3	5.4	3.5	17.4	19.9	16.7	9.6	10.6	9.4
Nondurable goods	7.0	6.1	3.7	3.6	13.4	13.2	15.1	9.4	12.3	9.1
Same										
All Manufacturing	85.4	86.5	89.9	89.2	79.2	78.3	81.3	87.1	86.7	88.2
Durable goods	87.3	86.2	89.2	88.6	75.5	74.4	79.6	86.9	87.3	87.2
Nondurable goods	83.4	86.7	90.6	89.8	82.8	82.4	82.8	87.3	86.1	89.2
Tighter										
All Manufacturing	8.6	7.9	5.6	7.3	5.4	5.1	2.9	3.4	1.9	2.5
Durable goods	7.6	8.5	5.4	8.0	7.1	5.8	3.8	3.5	2.1	3.3
Nondurable goods	9.6	7.2	5.8	6.6	3.8	4.4	2.1	3.3	1.6	1.7

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.

Manufacturing Investment Statistics

Capital Appropriations

First Quarter 1984

and

Capital Investment and Supply Conditions

April 1984

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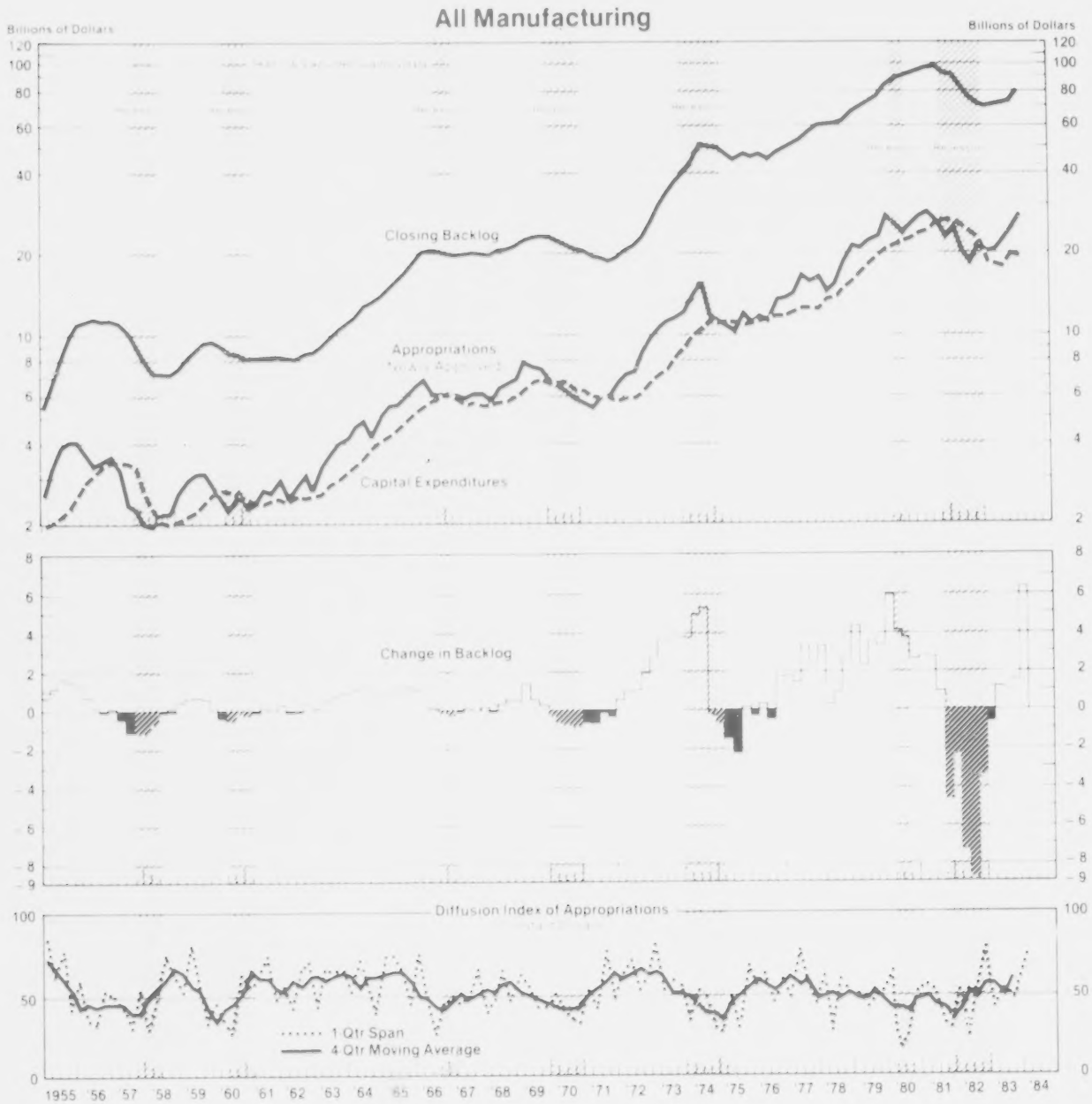
CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION


All Manufacturing
Billions of Dollars
Billions of Dollars
Closing Backlog
Appropriations
Capital Expenditures
Change in Backlog
Diffusion Index of Appropriations
1 Qtr Span
4 Qtr Moving Average
1955 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84

Surveys conducted by Margaret M. Nichols
Business Conditions Analysis Department—Lora S. Collins, Director

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The Conference Board
Quarterly Survey of Capital Appropriations
First Quarter 1984

Capital appropriations of the nation's 1,000 largest manufacturers were $27.9 billion (seasonally adjusted) in the first quarter of 1984. This represented an 11% rise from the fourth quarter, and was the fourth consecutive quarterly increase in the large companies' appropriations. The companies' capital expenditures dropped 2% in the first quarter, to $19.6 billion (seasonally adjusted). This was the seventh decline in the past eight quarters, the only rise having occurred in the fourth quarter of 1983. Weakness in the very large petroleum industry was a drag on the overall figures for both appropriations and spending in the first quarter. Excluding petroleum, manufacturers' appropriations rose 14% and their spending 1 percent.

The petroleum industry has also had a dampening effect on the overall manufacturers' appropriations and spending expectations for the full year 1984. Expectations excluding the petroleum industry have been revised up substantially, and even with the petroleum industry included, the large manufacturers look for a rise of 17% in appropriations this year and 25% in spending.

First Quarter Developments

Appropriations rose 11% to $27.9 billion (seasonally adjusted) in the first quarter, following a 13% rise in the fourth. Excluding the petroleum industry, whose appropriations were unchanged in the first quarter, the gain for the quarter was 14 percent. Durable goods manufacturers raised their appropriations by 23% in the first quarter. Nondurables appropriations, both in total and excluding petroleum, were up only 1%. (A fourth-quarter bulge in miscellaneous nondurables accounted for the minimal first-quarter rise in total nondurables appropriations.) *The trend of appropriations over the past year has been clearly and strongly up. The cumulative four-quarter rise was 38% in total appropriations and 60% in the total excluding petroleum.* This included gains of well over 100% in several industries that had been severely hurt by the recessions of the early 1980's, including steel, nonferrous metals, motor vehicles and rubber. *The first-quarter advance brought total manufacturers' appropriations, at $27.9 billion, very close to the record set in the second quarter of 1981 ($28.1 billion). Excluding petroleum, first-quarter appropriations ($21.5 billion) did pass the old high set four years earlier ($20.5 billion).*

Cancellations and adjustments were a fairly modest $2.0 billion in the first quarter. Consequently, net new appropriations were $25.9 billion, which was 20% above the net figure in the fourth quarter. The rise excluding petroleum was 22 percent. In the year since the first quarter of 1983, net appropriations have risen 43% in total and 62% excluding petroleum. The peak in net appropriations was $27.3 billion in the second quarter of 1981, the same quarter in which gross appropriations peaked.

Capital spending by the 1,000 largest manufacturers fell 2% in the first quarter. Petroleum industry spending was down 11% while all other spending rose 1 percent. There were widespread declines in durable goods industries, where spending had surged in the fourth quarter. Except for the fourth-quarter rise, the big companies' capital spending has been falling since the spring of 1982 and is 27% below the peak ($26.7 billion) set in the first quarter of that year.

The backlog of unspent appropriations jumped $6.3 billion (9%) in the first quarter, representing the wide gap between net appropriations of $25.9 billion and spending of only $19.6 billion. This was the fourth consecutive rise in the backlog and the first sizable one. It brought the total backlog to $80.0 billion, still $17.1 billion below the peak reached in the third quarter of 1981. Excluding petroleum, the backlog at March 31 was $56.7 billion, up 10% for the quarter but $8.4 billion below the peak in the third quarter of 1981.

Outlook for 1984

Since the previous survey was taken three months ago, the petroleum industry has sharply reduced its expectations for both appropriations and spending in 1984. The expectations of other industries have been increased, but petroleum is so big that its downgrading has pulled down the overall projection of 1984 appropriations and has allowed only a very modest upward revision in the overall projection of 1984 expenditures.

Excluding petroleum, the large manufacturers' appropriations are expected to rise 16% this year—6% in durables industries and 32% in nondurables. Six months ago, the expectation was for a 3% drop in the nonpetroleum total, and three months ago it was for a 10% rise. Nonpetroleum appropriations rose 11% in 1983, following two years of decline. *Capital spending by the 1,000 largest manufacturers, again excluding petroleum, is expected to rise 28% in 1984—31% in durables and 23% in nondurables.* Six months ago, a 15% rise was expected; three months ago it was 18 percent. The current 28% expectation is considerably above the 17% for nonpetroleum manufacturing in the latest reported Commerce Department survey, which was conducted several months ago. The somewhat more recent McGraw-Hill survey points to a rise in nonpetroleum manufacturers' spending this year of 28%, the same as the expectation reported here.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	II-83 to III-83	III-83 to IV-83	IV-83 to I-84	I-83 to I-84	II-83 to III-83	III-83 to IV-83	IV-83 to I-84	I-83 to I-84
				—APPROPRIATIONS—				
ALL MANUFACTURING	7.6	13.4	10.8	38.2	9.3	10.0	13.8	42.0
ALL MFG. EX PETROLEUM	0.9	21.0	14.3	60.0	0.3	19.9	16.7	58.1
DURABLE GOODS	— 6.5	28.1	22.9	69.9	— 7.4	26.8	26.5	67.7
Primary iron & steel	—53.3	54.6	23.8	116.8	—53.2	49.2	28.7	112.2
Primary nonferrous metals	—45.1	29.0	44.1	266.4	—41.0	20.4	56.9	268.5
Electrical machinery & equipment	—23.1	89.1	—19.4	78.9	—23.0	88.5	—16.7	79.5
Nonelectrical machinery	34.5	—28.5	7.1	2.1	32.4	—32.2	12.9	— 2.1
Motor vehicles & equipment	—10.8	67.3	121.5	170.2	—13.7	64.0	133.4	167.4
Other transportation equipment	17.6	—11.7	40.1	25.4	13.0	— 6.3	36.3	26.4
Stone, clay & glass	— 5.2	10.2	— 8.9	88.9	— 6.7	9.4	— 8.5	83.8
Fabricated metals	—16.8	—42.5	114.9	68.7	—16.0	—43.8	121.1	70.8
Instruments & photo equipment	14.0	30.8	3.2	38.4	11.8	30.7	5.0	38.1
Other durable goods†	—28.2	225.7	6.7	34.5	—27.6	246.9	1.0	26.2
NONDURABLE GOODS	19.5	3.6	0.8	16.5	23.8	— 0.8	3.2	22.9
Food & beverages	28.1	—21.4	16.4	28.4	29.4	—21.6	16.5	28.9
Textiles	63.7	—11.2	21.6	47.0	60.1	—11.6	22.5	44.4
Paper & allied products	50.2	80.5	30.6	72.1	51.7	73.6	31.6	66.5
Chemicals & allied products	25.0	— 4.3	— 5.1	43.6	23.8	— 4.6	— 2.3	45.3
Petroleum & coal products	27.0	— 4.4	0.3	— 5.0	36.6	—11.8	4.8	5.6
Rubber products	—23.3	38.8	68.2	184.2	—24.5	34.8	51.9	153.1
Other nondurable goods†	—46.4	114.4	—48.9	0.3	—46.0	112.3	—49.7	— 3.2
				—EXPENDITURES—				
ALL MANUFACTURING	— 3.1	10.9	— 2.2	3.9	— 1.6	7.6	0.4	6.0
ALL MFG. EX PETROLEUM	— 0.9	11.8	0.7	11.5	— 1.6	10.5	2.8	9.9
DURABLE GOODS	— 0.8	17.4	— 3.4	8.9	— 2.0	15.9	— 0.4	7.2
Primary iron & steel	—24.3	5.2	— 4.5	—21.7	—24.1	1.5	— 0.8	—23.5
Primary nonferrous metals	9.2	22.8	16.9	33.7	17.3	14.6	27.2	34.4
Electrical machinery & equipment	5.4	31.0	— 5.2	23.6	5.5	30.6	— 2.1	23.8
Nonelectrical machinery	— 5.6	13.3	—19.5	—21.3	— 7.0	7.5	—15.1	—24.6
Motor vehicles & equipment	— 0.9	38.4	10.6	48.9	— 4.0	35.7	16.5	47.4
Other transportation equipment	7.9	— 3.8	16.6	21.8	3.7	2.0	13.5	22.6
Stone, clay & glass	4.1	17.2	—10.9	13.3	2.4	16.3	—10.5	10.5
Fabricated metals	— 2.4	17.3	— 5.1	0.9	— 1.5	14.6	— 2.3	1.7
Instruments & photo equipment	3.2	— 4.8	5.8	6.2	1.2	— 4.9	7.6	6.2
Other durable goods†	— 0.7	39.9	—18.4	25.8	0.1	49.0	—22.8	18.2
NONDURABLE GOODS	— 4.6	6.1	— 1.3	0.4	— 1.4	1.6	1.0	5.0
Food & beverages	— 3.9	4.8	9.1	15.6	— 2.8	4.5	9.2	16.0
Textiles	13.7	19.9	0.3	24.5	11.2	19.4	1.1	21.8
Paper & allied products	— 6.6	11.6	— 6.6	— 4.9	— 5.7	7.4	— 6.0	— 8.0
Chemicals & allied products	4.7	— 0.3	10.0	11.8	3.7	— 0.6	13.3	13.2
Petroleum & coal products	— 8.7	8.1	—10.8	—14.9	— 1.8	— 0.4	— 6.8	— 5.3
Rubber products	—14.4	22.6	33.7	96.0	—15.7	19.0	20.8	74.7
Other nondurable goods†	— 5.7	1.0	1.4	28.9	— 5.0	0.0	— 0.1	24.5

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	II-83	III-83	IV-83	I-84	II-83	III-83	IV-83	I-84
ALL MANUFACTURING								
Opening backlog	70,042	71,163	72,171	73,674	72,309	72,870	73,373	74,133
Newly approved	20,633	22,200	25,170	27,880	10,483	11,462	12,613	14,348
Canceled	869	3,120	3,634	1,965	443	1,636	1,825	1,015
Capital expenditure	18,643	18,072	20,033	19,585	9,479	9,323	10,028	10,066
Closing backlog	71,163	72,171	73,674	80,004	72,870	73,373	74,133	77,400
DURABLE GOODS								
Opening backlog	26,434	27,725	28,654	29,766	31,313	31,964	32,434	32,996
Newly approved	9,453	8,843	11,331	13,927	4,858	4,497	5,703	7,217
Canceled	507	320	1,300	1,001	265	163	662	521
Capital expenditure	7,655	7,594	8,919	8,620	3,943	3,863	4,479	4,461
Closing backlog	27,725	28,654	29,766	34,072	31,964	32,434	32,996	35,230
Primary iron & steel								
Opening backlog	2,199	2,302	2,253	2,189	4,454	4,508	4,482	4,449
Newly approved	808	377	583	722	427	200	298	384
Canceled	92	—38	159	128	49	—20	81	68
Capital expenditure	613	464	488	466	324	246	250	248
Closing backlog	2,302	2,253	2,189	2,317	4,508	4,482	4,449	4,517
Primary nonferrous metals								
Opening backlog	2,933	3,191	3,182	3,156	3,330	3,454	3,449	3,436
Newly approved	503	276	356	513	242	143	172	269
Canceled	—16	0	32	220	—8	0	15	116
Capital expenditure	261	285	350	409	126	147	169	215
Closing backlog	3,191	3,182	3,156	3,040	3,454	3,449	3,436	3,375
Electrical machinery & equipment								
Opening backlog	3,405	4,[illegible]7	4,361	5,390	3,835	4,223	4,316	4,833
Newly approved	2,334	1,796	3,396	2,736	1,175	905	1,705	1,420
Canceled	43	11	269	125	22	6	135	65
Capital expenditure	1,519	1,601	2,098	1,988	764	806	1,053	1,031
Closing backlog	4,177	4,361	5,390	6,013	4,223	4,316	4,833	5,156
Nonelectrical machinery								
Opening backlog	5,271	5,330	5,620	5,332	5,345	5,376	5,524	5,384
Newly approved	1,854	2,494	1,783	1,909	961	1,273	863	975
Canceled	—95	419	48	249	—49	214	23	127
Capital expenditure	1,890	1,785	2,023	1,629	980	911	979	832
Closing backlog	5,330	5,620	5,332	5,363	5,376	5,524	5,384	5,400
Motor vehicles & equipment								
Opening backlog	4,418	4,504	4,928	5,370	5,402	5,446	5,660	5,878
Newly approved	1,250	1,115	1,865	4,131	650	562	921	2,150
Canceled	255	—210	176	180	133	—106	87	94
Capital expenditure	909	901	1,247	1,379	473	454	616	718
Closing backlog	4,504	4,928	5,370	7,942	5,446	5,660	5,878	7,217
Other transportation equipment								
Opening backlog	2,326	2,337	2,409	2,421	2,190	2,196	2,231	2,238
Newly approved	807	949	838	1,174	412	465	436	594
Canceled	25	45	26	20	13	22	14	10
Capital expenditure	771	832	800	933	393	408	416	472
Closing backlog	2,337	2,409	2,421	2,642	2,196	2,231	2,238	2,350
Stone, clay & glass								
Opening backlog	1,468	1,429	1,484	1,499	1,919	1,898	1,927	1,934
Newly approved	484	459	506	461	256	239	261	239
Canceled	131	—4	13	—4	69	—2	7	— 2
Capital expenditure	392	408	478	426	207	212	247	221
Closing backlog	1,429	1,484	1,499	1,538	1,898	1,927	1,934	1,955
Fabricated metals								
Opening backlog	1,212	1,362	1,441	1,123	1,424	1,503	1,546	1,380
Newly approved	351	292	168	361	185	155	87	193
Canceled	—6	11	249	13	—3	6	129	7
Capital expenditure	207	202	237	225	109	108	123	120
Closing backlog	1,362	1,441	1,123	1,246	1,503	1,546	1,380	1,446

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	II-83	III-83	IV-83	I-84	II-83	III-83	IV-83	I-84
Instruments & photo equipment								
Opening backlog	1,679	1,618	1,601	1,721	1,528	1,496	1,487	1,549
Newly approved	764	871	1,139	1,176	401	449	587	616
Canceled	37	75	245	82	19	39	126	43
Capital expenditure	788	813	774	819	414	419	399	429
Closing backlog	1,618	1,601	1,721	1,996	1,496	1,487	1,549	1,693
Other durable goods†								
Opening backlog	1,523	1,475	1,375	1,565	1,887	1,863	1,813	1,915
Newly approved	298	214	697	744	148	107	373	376
Canceled	41	11	83	—12	20	6	44	— 6
Capital expenditure	305	303	424	346	152	152	227	175
Closing backlog	1,475	1,375	1,565	1,975	1,863	1,813	1,915	2,122
NONDURABLE GOODS								
Opening backlog	43,608	43,438	43,517	43,908	40,995	40,906	40,938	41,136
Newly approved	11,180	13,357	13,839	13,953	5,625	6,964	6,910	7,132
Canceled	362	2,800	2,334	964	178	1,472	1,162	494
Capital expenditure	10,988	10,478	11,114	10,965	5,536	5,460	5,549	5,605
Closing backlog	43,438	43,517	43,908	45,932	40,906	40,938	41,136	42,169
Food & beverages								
Opening backlog	3,445	3,505	3,944	3,850	3,801	3,831	4,054	4,007
Newly approved	1,422	1,821	1,432	1,667	713	923	724	843
Canceled	—35	39	118	19	—18	20	60	10
Capital expenditure	1,397	1,343	1,408	1,536	701	681	711	777
Closing backlog	3,505	3,944	3,850	3,962	3,831	4,054	4,007	4,063
Textiles								
Opening backlog	724	707	817	828	793	784	841	846
Newly approved	223	365	324	394	118	189	167	205
Canceled	28	14	24	56	15	7	12	29
Capital expenditure	212	241	289	290	112	125	149	151
Closing backlog	707	817	828	876	784	841	846	871
Paper & allied products								
Opening backlog	5,062	4,626	4,364	3,978	4,436	4,205	4,064	3,865
Newly approved	444	667	1,204	1,573	236	357	620	816
Canceled	42	146	716	95	22	78	369	49
Capital expenditure	838	783	874	816	445	419	450	423
Closing backlog	4,626	4,364	3,978	4,640	4,205	4,064	3,865	4,209
Chemicals & allied products								
Opening backlog	6,994	7,039	7,104	7,507	8,089	8,112	8,145	8,349
Newly approved	2,371	2,964	2,837	2,692	1,217	1,508	1,438	1,405
Canceled	60	526	67	6	31	268	34	3
Capital expenditure	2,266	2,373	2,367	2,603	1,164	1,207	1,200	1,359
Closing backlog	7,039	7,104	7,507	7,590	8,112	8,145	8,349	8,392
Petroleum and coal products								
Opening backlog	23,162	22,524	22,488	22,302	20,297	19,982	19,963	19,872
Newly approved	5,275	6,698	6,406	6,427	2,601	3,554	3,133	3,283
Canceled	707	1,983	1,458	805	349	1,052	713	411
Capital expenditure	5,206	4,751	5,134	4,581	2,567	2,521	2,511	2,340
Closing backlog	22,524	22,488	22,302	23,343	19,982	19,963	19,872	20,404
Rubber products								
Opening backlog	1,017	1,021	1,007	1,144	1,094	1,096	1,088	1,159
Newly approved	292	224	311	523	157	119	160	243
Canceled	45	30	—81	— 4	24	16	—42	— 2
Capital expenditure	243	208	255	341	131	110	131	159
Closing backlog	1,021	1,007	1,144	1,330	1,096	1,088	1,159	1,246
Other nondurable goods†								
Opening backlog	3,204	4,016	3,793	4,299	2,487	2,897	2,783	3,038
Newly approved	1,153	618	1,325	677	582	314	667	336
Canceled	—485	62	32	—13	—245	32	16	— 6
Capital expenditure	826	779	787	798	417	396	396	396
Closing backlog	4,016	3,793	4,299	4,191	2,897	2,783	3,038	2,984

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	81-IV	82-I	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV	84-I
ALL MANUFACTURING	18	20	25	23	17	18	21	22	23	19
DURABLE GOODS	18	21	25	24	17	17	21	23	24	16
Primary iron and steel	12	8	3	3	2	3	12	10	18	7
Primary nonferrous metals	24	14	17	10	22	15	40	18	36	11
Electrical machinery & equipment	13	22	14	16	16	19	27	26	24	15
Nonelectrical machinery	19	23	37	34	19	10	18	22	35	20
Motor vehicles & equipment	26	37	34	34	25	14	17	26	29	14
Other transportation equipment	38	23	38	40	21	28	23	34	13	23
Stone, clay & glass	9	8	15	8	10	11	12	16	15	15
Fabricated metals	14	17	15	21	11	12	13	9	13	5
Instruments & photo equipment	14	15	18	19	11	15	14	19	16	12
Other durable goods	13	25	16	36	6	7	30	27	4	23
NONDURABLE GOODS	19	19	26	21	17	19	21	21	21	23
Food & beverages	22	17	29	25	25	27	28	24	22	23
Textiles	14	15	15	7	11	11	11	17	15	14
Paper & allied products	17	9	11	9	10	8	11	7	16	15
Chemicals & allied products	20	18	33	24	13	20	21	23	21	13
Rubber products	12	43	20	19	18	15	6	10	16	48
Other nondurable goods	16	32	20	29	24	21	26	23	23	29

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1982 AND 1983 ACTUAL, 1984 EXPECTED*

	Appropriations			Expenditures		
	1982	1983	1984	1982	1983	1984
All Manufacturing	—18	1	17	—3	—23	25
All Manufacturing except Petroleum	—20	11	16	—6	—15	28
Durable goods	—24	17	6	—7	—19	31
Nondurable goods	—14	—9	25	0	—26	21
Petroleum	—15	—18	18	6	—39	18
Other	—14	4	32	—6	—9	23

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1980	1981	1982	1983	1980	1981	1982	1983
				—APPROPRIATIONS—				
ALL MANUFACTURING	104,631	106,956	87,544	88,180	58,497	55,027	43,665	
ALL MFG. EX PETROLEUM	71,756	70,052	56,020	62,462	40,215	37,054	28,584	
DURABLE GOODS	44,271	42,146	32,031	37,537	24,893	22,355	16,306	
Primary iron & steel	2,889	5,210	1,563	2,113	1,663	2,736	841	
Primary nonferrous metals	3,384	2,482	1,082	1,164	1,883	1,497	564	
Electrical machinery & equipment	6,544	5,787	6,663	8,869	3,668	3,073	3,446	
Nonelectrical machinery	9,368	12,700	8,710	7,909	5,324	6,674	4,351	
Motor vehicles & equipment	7,110	3,489	3,915	5,807	3,985	1,793	1,924	
Other transportation equipment	4,201	3,099	3,225	3,601	2,293	1,589	1,599	
Stone, clay & glass	2,043	2,094	1,562	1,625	1,178	1,126	826	
Fabricated metals	1,571	1,765	1,022	960	881	931	531	
Instruments & photo equipment	3,114	4,273	3,372	3,614	1,782	2,273	1,753	
Other durable goods†	4,047	1,247	917	1,875	2,236	663	470	
NONDURABLE GOODS	60,360	64,810	55,513	50,643	33,604	32,672	27,359	
Food & beverages	6,603	5,772	5,792	5,909	3,706	3,022	2,927	
Textiles	999	1,150	1,028	1,194	568	610	541	
Paper & allied products	3,576	5,010	4,006	3,231	2,050	2,704	2,130	
Chemicals & allied products	12,170	12,019	9,476	10,002	6,718	6,328	4,828	
Petroleum & coal products	32,875	36,904	31,524	25,718	18,282	17,973	15,081	
Rubber products	902	813	776	965	524	431	391	
Other nondurable goods†	3,235	3,142	2,911	3,624	1,756	1,603	1,459	
				—EXPENDITURES—				
ALL MANUFACTURING	88,209	101,341	98,614	75,710	49,327	51,949	49,205	
ALL MFG. EX PETROLEUM	65,981	69,763	65,297	55,269	36,967	36,646	33,272	
DURABLE GOODS	41,056	42,871	39,945	32,254	23,070	22,505	20,322	
Primary iron & steel	3,458	3,405	3,545	2,136	1,992	1,797	1,912	
Primary nonferrous metals	2,411	2,386	1,574	1,207	1,334	1,252	818	
Electrical machinery & equipment	6,271	6,069	6,354	6,964	3,506	3,225	3,285	
Nonelectrical machinery	9,826	11,289	10,906	7,768	5,569	5,939	5,425	
Motor vehicles & equipment	5,555	6,688	5,610	4,007	3,109	3,429	2,749	
Other transportation equipment	4,039	3,464	3,156	3,179	2,186	1,770	1,561	
Stone, clay & glass	2,289	1,886	1,726	1,666	1,317	1,016	914	
Fabricated metals	1,568	1,515	1,513	871	883	799	785	
Instruments & photo equipment	2,889	3,629	3,827	3,145	1,653	1,931	1,988	
Other durable goods†	2,750	2,540	1,734	1,311	1,521	1,347	885	
NONDURABLE GOODS	47,153	58,470	58,669	43,456	26,257	29,443	28,883	
Food & beverages	6,014	6,744	5,802	5,426	3,370	3,523	2,933	
Textiles	900	1,039	1,044	975	508	550	550	
Paper & allied products	3,859	3,746	3,653	3,357	2,199	2,025	1,935	
Chemicals & allied products	10,918	11,785	11,180	9,340	6,021	6,199	5,690	
Petroleum & coal products	22,228	31,578	33,317	20,441	12,360	15,303	15,933	
Rubber products	801	749	704	889	465	398	355	
Other nondurable goods†	2,433	2,829	2,969	3,028	1,333	1,445	1,487	

1983 constant-dollar data will be published later in 1984.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1983-IV are revised; data for 1984-I are preliminary. 1983 totals are revised.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing
April 1984

Response from a sample of the 1,000 largest manufacturers to the April Survey of Capital Investment and Supply Conditions gave further evidence of a stronger but still cautious economy. Between January and April, reports of excess capacity diminished slightly while plans to expand capacity increased slightly. But whereas excess capacity in April was down to a level comparable with early 1981, plans for adding new capacity were not yet as widely reported as they had been throughout the last two recessions. However, the incidence of plans to reduce capacity fell to a nearly normal level in April. Anticipated use of internal funds for capital investment this year was revised upward.

Reports of "more than adequate" facilities declined modestly for the fifth consecutive quarter from the 53% record-high in January 1983, to 36% in April 1984 (weighted by company assets, Table 1). All but two industries shared in the decline. The extent of under-utilization of capacity also continued to shrink, most appreciably in steel and motor vehicles. Firms reporting more than 20% of their plant capacity idle in April accounted for 19% of the assets of all survey respondents, down from the peak 41% in January 1983. (The figure was 5% at the start of the 1980 recession.) Balancing the decline in excess capacity were very small increases in the response from firms whose existing capacity was either "sufficient" (54% of the respondents) or "inadequate" (10%, the overall rise from January attributable to the rubber and petroleum industries).

In April, the capital spending programs of only half of the respondents were geared to expanding capacity (49%, weighted by assets, Table 2). Although the "expansion" response has risen three times since the all-survey low 41% last July, it is far from the 85% average reported in 1965-74. Even after a sharp dip to 70% in January 1975, the figure averaged 74% in the ensuing seven years.

Plans for reduction of manufacturing capacity (i.e., making fewer additions than retirements) began to increase late in the 1981-82 recession. By October 1983, such plans were reported by a record-high 11% of the survey respondents. In the April 1984 survey, the incidence of planned reduction was down to 3%, the same as in April 1982. The improvement this spring was attributable to five durable goods industries (steel, nonferrous metals, nonelectrical machinery, motor vehicles, and stone-clay-glass), and was preceded three months earlier by a marked improvement in nondurables (petroleum).

A record 91.6% of the large manufacturers' capital investment financing is expected to come from internal sources in the second half of this year (Table 4). The 91.2% (revised) for the current half-year is close to the prior record, 91.3% in second half 1976. External funds availability was "tighter" in April than in January for some 4% of the respondent—a very slight rise from the last survey (Table 5). But an unequivocal majority of respondents (91%) found no change in the availability of external funds between January and April.

There was a scattering of newly reported internal (processed-goods) shortages and products on allocation to customers in April. The latter included linear alcohols for use in detergents, electronic connectors, programable controllers, tanks, and three consumer products: barbecue grills, picnic coolers, and bicycles (absent from the list for the past four years).

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984
					Inadequate					
All Manufacturing	8.3	8.4	7.9	7.0	6.8	6.8	6.3	8.3	9.6	10.2
Durable goods	13.0	11.4	10.9	11.1	10.2	10.8	9.5	14.7	18.3	18.1
Nondurable goods	4.3	5.9	5.2	3.3	3.7	3.4	3.5	3.2	2.6	3.7
					Sufficient					
All Manufacturing	52.8	45.7	45.0	41.9	39.8	44.6	47.9	50.6	52.9	54.3
Durable goods	50.8	47.6	44.6	39.4	34.0	40.6	50.0	44.3	47.5	49.0
Nondurable goods	54.5	44.1	45.3	44.1	45.0	47.9	46.0	55.6	57.2	58.6
					More Than Adequate					
All Manufacturing	38.9	45.9	47.1	51.1	53.4	48.6	45.8	41.1	37.5	35.5
Durable goods	36.2	41.0	44.5	49.5	55.9	48.6	40.5	41.0	34.2	32.9
Nondurable goods	41.2	50.1	49.6	52.6	51.3	48.7	50.5	41.2	40.2	37.7

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984
Expansion										
All Manufacturing	63.9	55.0	56.5	56.8	46.1	45.6	40.6	44.4	46.1	49.2
Durable goods	59.0	55.7	53.3	40.7	39.9	43.4	40.9	46.0	45.2	49.0
Nondurable goods	68.0	54.3	59.5	71.6	51.7	47.3	40.3	43.1	46.9	49.4
No Change										
All Manufacturing	34.6	41.9	36.1	37.1	44.4	44.5	50.3	44.7	48.3	48.2
Durable goods	38.5	38.7	38.5	46.9	49.3	45.5	48.8	39.9	42.6	45.6
Nondurable goods	31.4	44.8	33.9	28.1	40.0	43.6	51.6	48.5	52.8	50.3
Reduction										
All Manufacturing	1.5	3.1	7.4	6.1	9.6	10.0	9.2	10.9	5.6	2.6
Durable goods	2.5	5.6	8.2	12.4	10.8	11.1	10.3	14.1	12.2	5.4
Nondurable goods	0.6	0.9	6.7	0.3	8.4	9.1	8.2	8.4	0.3	0.3

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984
Raw Materials										
All Manufacturing	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.2	0.8	0.0
Durable goods	0.3	0.0	0.2	0.2	0.0	0.0	0.0	0.3	1.0	0.0
Nondurable goods	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.6	0.0
Processed Goods										
All Manufacturing	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.1	1.1
Durable goods	0.2	0.3	0.0	0.0	0.0	0.0	0.5	0.2	0.2	0.4
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
Both										
All Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0
Durable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1980		1981		1982		1983		1984	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half
									(r-3)	(r-1)
From Internal Sources										
All Manufacturing	83.7	83.2	84.3	83.6	81.3	81.5	87.0	89.9	91.2	91.6
Durable goods	77.8	83.7	82.4	83.9	79.7	78.3	85.3	88.2	89.4	90.1
Nondurable goods	89.2	82.8	85.7	83.4	82.6	84.2	88.4	91.3	92.8	92.8
From External Sources										
All Manufacturing	16.3	16.8	15.7	16.4	18.7	18.5	13.0	10.1	8.8	8.4
Durable goods	22.2	16.3	17.6	16.1	20.3	21.7	14.7	11.8	10.6	9.9
Nondurable goods	10.8	17.2	14.3	16.6	17.4	15.8	11.6	8.7	7.2	7.2

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Jan. 1982	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984
Easier										
All Manufacturing	5.7	4.6	3.5	15.4	16.6	15.9	9.5	11.4	9.3	5.1
Durable goods	5.3	5.4	3.5	17.4	19.9	16.7	9.6	10.6	9.4	5.2
Nondurable goods	6.1	3.7	3.6	13.4	13.2	15.1	9.4	12.3	9.1	5.1
Same										
All Manufacturing	86.5	89.9	89.2	79.2	78.3	81.3	87.1	86.7	88.2	90.8
Durable goods	86.2	89.2	88.6	75.5	74.4	79.6	86.9	87.3	87.2	91.6
Nondurable goods	86.7	90.6	89.8	82.8	82.4	82.8	87.3	86.1	89.2	89.9
Tighter										
All Manufacturing	7.9	5.6	7.3	5.4	5.1	2.9	3.4	1.9	2.5	4.1
Durable goods	8.5	5.4	8.0	7.1	5.8	3.8	3.5	2.1	3.3	3.1
Nondurable goods	7.2	5.8	6.6	3.8	4.4	2.1	3.3	1.6	1.7	5.1

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.

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Capital Investment and Supply Conditions

July 1984

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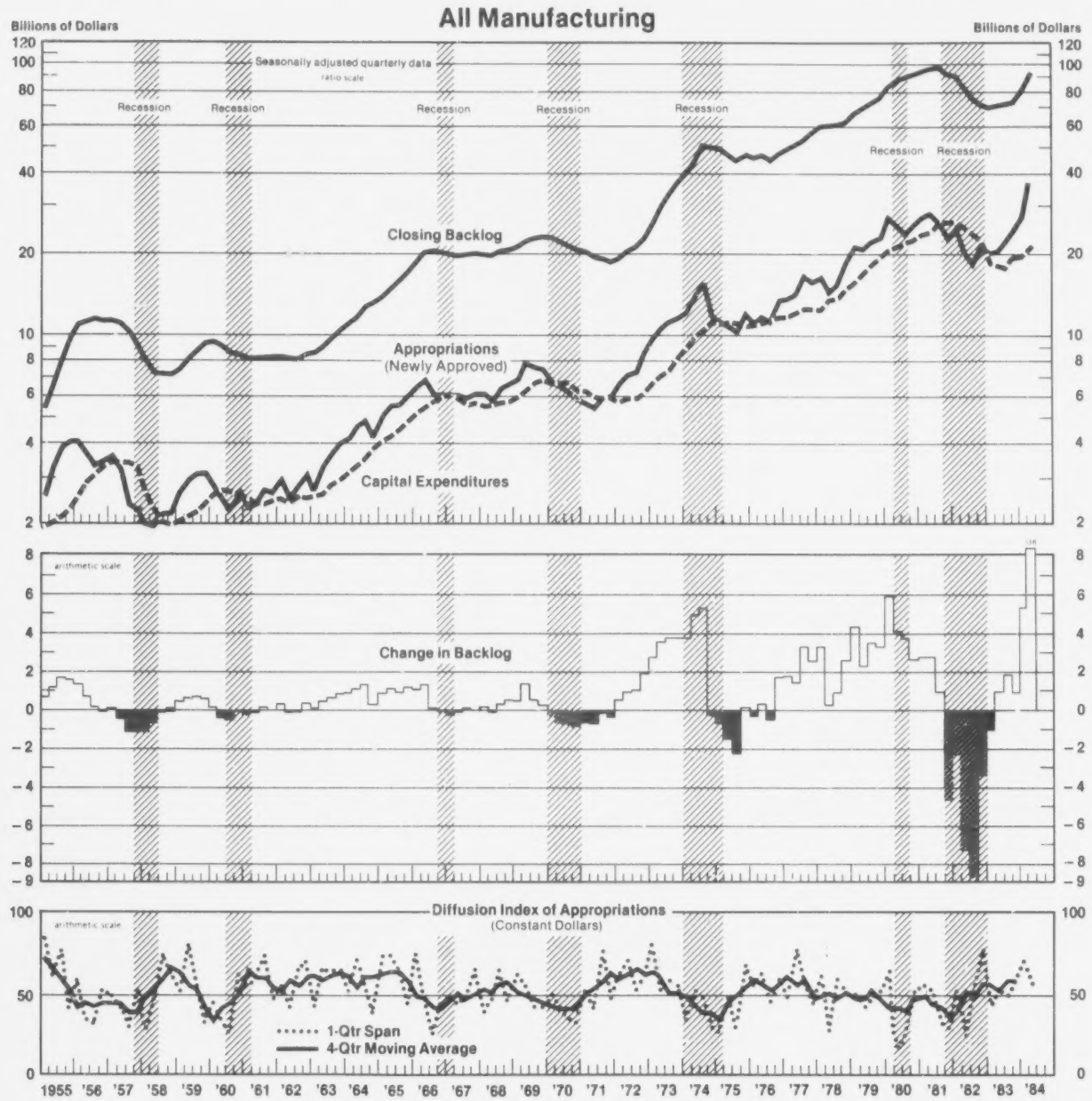
CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION


All Manufacturing
Billions of Dollars
Billions of Dollars
Seasonally adjusted quarterly data
ratio scale
Recession
Closing Backlog
Appropriations
(Newly Approved)
Capital Expenditures
arithmetic scale
Change in Backlog
Diffusion Index of Appropriations
(Constant Dollars)
1-Qtr Span
4-Qtr Moving Average
1955 '56 '57 '58 '59 '60 '61 '62 '63 '64 '65 '66 '67 '68 '69 '70 '71 '72 '73 '74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84

Surveys conducted by Margaret M. Nichols
Business Conditions Analysis Department—Lora S. Collins, Director

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The Conference Board
Quarterly Survey of Capital Appropriations
Second Quarter 1984

The latest Conference Board survey provides clear evidence of a strong uptrend in the capital spending programs of the nation's 1,000 largest manufacturers. These companies appropriated $37.1 billion (seasonally adjusted) in the second quarter of 1984. This was a record amount and was 38% above the figure for the first quarter. *The 1,000 companies' capital expenditures rose 10% in the second quarter to a total of $21.9 billion (seasonally adjusted).* This was the third consecutive spending increase after six quarters of decline in 1982–1983. (All data beginning with 1983–I have been affected by the regular revision of seasonal adjustment factors.) The companies' expectations for the full year 1984 are essentially the same as those reported three months ago, and point to substantial gains over 1983 in both appropriations (up 20%) and spending (up 25%).

Second Quarter Developments

The appropriations total in the second quarter was significantly affected by a very large rise in the motor vehicle industry, where major sums were appropriated in support of new model programs. To some degree, this surge represented a catchup on programs that were slowed or suspended during the weak years of the early 1980's. *Excluding the motor vehicle industry, appropriations increased 12% in the second quarter* to $26.0 billion (seasonally adjusted). That 12% is more representative of the general rate of advance in manufacturers' appropriations than is the 38% total rise including motor vehicles. The cumulative rise in appropriations over the past four quarters was 78% in total and 33% excluding the motor vehicle industry. From 1981–II to 1983–I, total appropriations had fallen 28 percent.

Cancellations and adjustments were a modest $1.4 billion in the second quarter, leaving $35.6 billion of net new appropriations. That figure was up 42% from the first quarter; excluding motor vehicles, net new appropriations rose 15 percent. The cumulative rise in net appropriations over the past four quarters was 81% in total and 32% excluding the motor vehicle industry.

Capital appropriations respond quite promptly to economic conditions but the capital spending tap takes longer to turn off and on. *Spending continued to fall until late 1983, but is now on a clear uptrend with three quarters of advance having been recorded.* There was a solid 7% gain in 1983–IV, followed by a mere 2% in 1984–I when declines were recorded by many industries whose spending had boomed in the fourth quarter. Then came a substantial 10% rise in 1984–II that was broadly based. Nonetheless, the 1,000 companies' capital spending was still 18% below the peak of $26.7 billion set in 1982–I.

With capital outlays of $21.9 billion and net new appropriations of $35.6 billion, *the 1,000 largest manufacturers' backlog of unspent appropriations surged $13.8 billion, or 18%, in the second quarter to $92.4 billion at June 30.* Over $9 billion of the advance was accounted for by the motor vehicle industry. Excluding that industry, the backlog rose 6%, a solid gain in line with the 7% registered in the first quarter.

Prospects for 1984

The projected full-year 1984 appropriations and spending totals, based on survey respondents' expectations, have been quite stable through the three quarterly surveys taken this year. For all manufacturing, the expected 1984 percent changes and actual percent changes in 1983 and 1982 are shown below.

	1982	*1983*	*1984*		
			Survey taken in:		
			1/84	*4/84*	*7/84*
Appropriations	-18	1	21	17	20
Expenditures	- 3	-23	23	25	25

The large companies' spending expectations for 1984 are considerably stronger than the expected 16% gain for all manufacturing reported several months ago by the Commerce Department. However, the 1983 drop in the large companies' spending (-23%) was much sharper than the all-manufacturing drop reported by the Commerce Department (-7%), so there is a basis for the stronger 1984 rebound in the Conference Board data.

Lora S. Collins

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	III-83 to IV-83	IV-83 to I-84	I-84 to II-84	II-83 to II-84	III-83 to IV-83	IV-83 to I-84	I-84 to II-84	II-83 to II-84
				—APPROPRIATIONS—				
ALL MANUFACTURING	6.5	10.5	38.3	77.7	5.1	13.3	36.4	75.8
ALL MFG. EX PETROLEUM	13.6	16.3	42.3	96.5	12.0	19.3	37.5	90.5
DURABLE GOODS	20.9	23.9	54.8	127.6	19.2	28.2	47.3	118.0
Primary iron & steel	59.0	19.4	−56.5	−53.1	52.9	24.6	−56.8	−53.1
Primary nonferrous metals	19.9	35.3	0.7	2.7	11.4	48.0	− 3.1	7.5
Electrical machinery & equipment	63.3	− 8.6	−21.7	1.0	62.0	− 5.2	−24.1	0.5
Nonelectrical machinery	−31.7	20.9	40.0	50.7	−35.6	28.1	34.8	42.5
Motor vehicles & equipment	75.2	88.4	201.8	763.2	71.0	99.3	181.4	703.3
Other transportation equipment	−16.6	32.8	34.4	77.7	−12.1	29.7	31.1	71.4
Stone, clay & glass	− 5.4	21.4	13.7	30.3	− 6.4	22.4	14.3	28.5
Fabricated metals	−38.7	122.5	−31.4	−15.1	−40.3	129.9	−34.6	−17.7
Instruments & photo equipment	22.7	4.9	− 6.4	32.8	22.1	7.1	− 8.4	29.2
Other durable goods†	153.0	− 5.8	5.0	130.7	168.1	− 8.5	5.9	140.9
NONDURABLE GOODS	− 3.1	− 0.6	21.2	37.6	− 4.3	0.9	24.7	41.4
Food & beverages	−27.9	34.4	17.9	51.2	−28.5	34.6	17.1	50.6
Textiles	4.3	32.6	−13.9	58.1	3.4	34.5	−15.0	52.7
Paper & allied products	50.9	− 2.1	84.6	235.9	44.6	−10.8	84.5	229.2
Chemicals & allied products	− 8.5	8.3	0.2	21.2	− 9.3	12.0	− 0.1	22.5
Petroleum & coal products	− 9.9	− 6.2	24.1	27.4	−11.2	− 4.5	32.1	35.5
Rubber products	18.7	56.3	−16.3	36.5	14.8	41.8	− 5.6	32.4
Other nondurable goods†	86.5	−41.0	46.6	3.8	83.8	−41.7	45.2	1.0
				—EXPENDITURES—				
ALL MANUFACTURING	7.2	1.8	9.9	17.2	5.5	4.2	10.1	17.5
ALL MFG. EX PETROLEUM	8.7	2.6	9.1	21.7	6.9	5.2	7.1	19.3
DURABLE GOODS	13.8	− 0.1	13.6	28.2	11.8	3.4	9.8	24.4
Primary iron & steel	5.3	− 5.7	4.5	−18.0	1.3	− 1.6	3.8	−18.2
Primary nonferrous metals	22.1	− 8.0	22.8	48.3	13.4	0.5	18.3	55.5
Electrical machinery & equipment	22.8	− 0.6	16.6	51.7	21.8	3.1	13.0	51.2
Nonelectrical machinery	14.3	−14.0	11.1	2.1	7.9	− 8.9	6.9	− 3.4
Motor vehicles & equipment	28.8	15.8	21.9	81.4	25.7	22.5	13.7	68.6
Other transportation equipment	− 3.4	17.1	13.5	36.2	1.9	14.4	10.7	31.2
Stone, clay & glass	13.4	− 7.1	8.8	18.1	12.1	− 6.3	9.4	16.1
Fabricated metals	12.8	− 3.1	0.9	6.2	9.8	0.1	− 3.7	2.7
Instruments & photo equipment	− 6.2	11.1	− 2.7	3.7	− 6.6	13.4	− 4.9	0.7
Other durable goods†	23.2	− 6.9	31.1	55.8	30.6	− 9.5	32.3	62.3
NONDURABLE GOODS	2.4	3.3	7.1	9.5	0.9	4.9	10.3	12.5
Food & beverages	3.6	− 5.1	− 3.9	− 4.3	2.7	− 4.9	− 4.5	− 4.6
Textiles	15.8	9.0	9.2	52.3	14.8	10.5	7.8	47.4
Paper & allied products	6.6	− 2.7	3.4	2.0	2.2	− 1.3	3.3	− 0.2
Chemicals & allied products	− 1.6	13.5	11.2	27.9	− 2.4	17.3	10.8	29.2
Petroleum & coal products	3.0	− 0.7	12.4	5.8	1.5	1.2	19.6	12.6
Rubber products	16.7	25.1	−16.9	12.0	12.9	13.5	− 6.3	8.7
Other nondurable goods†	− 3.4	10.9	− 6.8	− 0.9	− 4.8	9.7	− 7.7	− 3.7

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	III-83	IV-83	I-84	II-84	III-83	IV-83	I-84	II-84
ALL MANUFACTURING								
Opening backlog	70,580	72,568	73,496	78,648	72,575	73,572	74,048	76,705
Newly approved	22,785	24,262	26,816	37,092	11,514	12,102	13,715	18,701
Canceled	2,553	3,774	1,759	1,446	1,280	1,881	901	747
Capital expenditure	18,244	19,560	19,905	21,882	9,236	9,745	10,156	11,179
Closing backlog	72,568	73,496	78,648	92,412	73,572	74,048	76,705	83,481
DURABLE GOODS								
Opening backlog	27,251	28,717	29,536	33,593	31,720	32,461	32,880	34,988
Newly approved	9,119	11,024	13,662	21,153	4,633	5,520	7,076	10,424
Canceled	− 14	1,478	891	339	− 6	743	462	167
Capital expenditure	7,667	8,727	8,714	9,895	3,897	4,357	4,506	4,947
Closing backlog	28,717	29,536	33,593	44,512	32,461	32,880	34,988	40,299
Primary iron & steel								
Opening backlog	2,243	2,196	2,174	2,349	4,477	4,452	4,441	4,534
Newly approved	398	633	756	329	211	322	401	174
Canceled	− 24	161	115	− 46	− 13	82	61	− 24
Capital expenditure	469	494	466	487	248	251	247	257
Closing backlog	2,196	2,174	2,349	2,237	4,452	4,441	4,534	4,475
Primary nonferrous metals								
Opening backlog	3,179	3,189	3,117	3,083	3,450	3,455	3,421	3,403
Newly approved	276	331	448	451	143	159	235	228
Canceled	− 19	55	162	− 21	− 10	26	85	− 11
Capital expenditure	285	348	320	393	147	167	168	199
Closing backlog	3,189	3,117	3,083	3,162	3,455	3,421	3,403	3,443
Electrical machinery & equipment								
Opening backlog	4,134	4,401	5,267	6,025	4,204	4,338	4,770	5,163
Newly approved	1,933	3,157	2,884	2,258	973	1,576	1,494	1,133
Canceled	16	265	113	37	8	132	59	19
Capital expenditure	1,650	2,026	2,013	2,348	831	1,012	1,043	1,179
Closing backlog	4,401	5,267	6,025	5,898	4,338	4,770	5,163	5,099
Nonelectrical machinery								
Opening backlog	5,268	5,802	5,342	5,366	5,344	5,616	5,395	5,407
Newly approved	2,476	1,690	2,043	2,861	1,263	814	1,042	1,404
Canceled	165	119	272	62	84	57	139	30
Capital expenditure	1,777	2,031	1,747	1,941	906	978	891	953
Closing backlog	5,802	5,342	5,366	6,224	5,616	5,395	5,407	5,828
Motor vehicles & equipment								
Opening backlog	4,421	4,924	5,364	7,553	5,403	5,656	5,872	7,010
Newly approved	1,115	1,954	3,681	11,110	561	960	1,913	5,382
Canceled	− 309	328	119	143	− 156	161	62	69
Capital expenditure	921	1,186	1,373	1,674	464	583	714	811
Closing backlog	4,924	5,364	7,553	16,846	5,656	5,872	7,010	11,512
Other transportation equipment								
Opening backlog	2,316	2,446	2,461	2,615	2,186	2,250	2,257	2,335
Newly approved	999	833	1,106	1,487	490	431	559	732
Canceled	45	22	20	23	22	11	10	11
Capital expenditure	824	796	932	1,058	404	412	471	521
Closing backlog	2,446	2,461	2,615	3,021	2,250	2,257	2,335	2,535
Stone, clay & glass								
Opening backlog	1,434	1,492	1,457	1,544	1,901	1,931	1,913	1,958
Newly approved	465	440	534	607	242	226	277	316
Canceled	− 3	10	15	− 19	− 2	5	8	− 10
Capital expenditure	410	465	432	470	213	239	224	245
Closing backlog	1,492	1,457	1,544	1,700	1,931	1,913	1,958	2,039
Fabricated metals								
Opening backlog	1,310	1,366	1,092	1,251	1,476	1,506	1,364	1,449
Newly approved	282	173	385	264	150	89	206	135
Canceled	23	218	4	6	12	113	2	3
Capital expenditure	203	229	222	224	108	118	119	114
Closing backlog	1,366	1,092	1,251	1,285	1,506	1,364	1,449	1,466

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	III-83	IV-83	I-84	II-84	III-83	IV-83	I-84	II-84
Instruments & photo equipment								
Opening backlog	1,602	1,606	1,709	1,931	1,487	1,489	1,542	1,658
Newly approved	890	1,092	1,146	1,073	458	559	599	549
Canceled	77	230	81	115	40	118	42	59
Capital expenditure	809	759	843	820	416	389	441	419
Closing backlog	1,606	1,709	1,931	2,069	1,489	1,542	1,658	1,729
Other durable goods†								
Opening backlog	1,344	1,295	1,553	1,876	1,793	1,768	1,905	2,072
Newly approved	285	721	679	713	143	383	351	371
Canceled	15	70	−10	39	8	37	− 5	20
Capital expenditure	319	393	366	480	160	209	189	250
Closing backlog	1,295	1,553	1,876	2,070	1,768	1,905	2,072	2,173
NONDURABLE GOODS								
Opening backlog	43,329	43,851	43,960	45,055	40,855	41,111	41,167	41,717
Newly approved	13,666	13,238	13,154	15,939	6,881	6,582	6,638	8,277
Canceled	2,567	2,296	868	1,107	1,286	1,137	439	580
Capital expenditure	10,577	10,833	11,191	11,987	5,339	5,388	5,650	6,232
Closing backlog	43,851	43,960	45,055	47,900	41,111	41,167	41,717	43,182
Food & beverages								
Opening backlog	3,581	4,039	3,875	4,304	3,870	4,102	4,020	4,236
Newly approved	1,850	1,333	1,791	2,111	937	670	902	1,056
Canceled	40	97	33	139	20	49	17	70
Capital expenditure	1,352	1,400	1,329	1,277	685	704	669	639
Closing backlog	4,039	3,875	4,304	4,999	4,102	4,020	4,236	4,583
Textiles								
Opening backlog	721	789	833	850	791	826	848	857
Newly approved	327	341	452	389	169	175	236	200
Canceled	18	18	131	19	9	9	68	10
Capital expenditure	241	279	304	332	125	143	158	171
Closing backlog	789	833	850	888	826	848	857	877
Paper & allied products								
Opening backlog	4,551	4,337	3,964	4,017	4,163	4,049	3,858	3,886
Newly approved	753	1,136	999	1,844	402	582	519	958
Canceled	168	657	117	20	90	337	61	10
Capital expenditure	799	852	829	857	427	436	431	445
Closing backlog	4,337	3,964	4,017	4,984	4,049	3,858	3,886	4,388
Chemicals & allied products								
Opening backlog	7,038	7,115	7,437	7,628	8,111	8,150	8,313	8,412
Newly approved	2,922	2,673	2,895	2,902	1,485	1,348	1,509	1,507
Canceled	481	24	64	91	244	12	33	47
Capital expenditure	2,364	2,327	2,640	2,935	1,202	1,173	1,376	1,525
Closing backlog	7,115	7,437	7,628	7,504	8,150	8,313	8,412	8,348
Petroleum and coal products								
Opening backlog	22,483	22,795	22,519	22,896	19,968	20,123	19,988	20,176
Newly approved	6,904	6,221	5,834	7,240	3,419	3,036	2,900	3,830
Canceled	1,781	1,541	534	780	882	752	265	413
Capital expenditure	4,811	4,956	4,923	5,531	2,383	2,418	2,447	2,926
Closing backlog	22,795	22,519	22,896	23,825	20,123	19,988	20,176	20,667
Rubber products								
Opening backlog	1,019	1,026	1,127	1,256	1,095	1,099	1,151	1,211
Newly approved	241	286	447	374	128	147	208	196
Canceled	19	−66	4	46	10	−34	2	24
Capital expenditure	215	251	314	261	114	129	146	137
Closing backlog	1,026	1,127	1,256	1,323	1,099	1,151	1,211	1,246
Other nondurable goods†								
Opening backlog	3,936	3,750	4,205	4,104	2,857	2,762	2,990	2,940
Newly approved	669	1,248	736	1,079	340	625	365	530
Canceled	60	25	−15	12	30	13	− 7	6
Capital expenditure	795	768	852	794	404	385	422	390
Closing backlog	3,750	4,205	4,104	4,377	2,762	2,990	2,940	3,074

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	82-I	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV	84-I	84-II
ALL MANUFACTURING	20	25	23	17	18	21	22	23	19	22
DURABLE GOODS	21	25	24	17	17	21	23	24	16	25
Primary iron and steel	8	3	3	2	3	12	10	18	7	7
Primary nonferrous metals	14	17	10	22	15	40	18	36	11	21
Electrical machinery & equipment	22	14	16	16	19	27	26	24	15	23
Nonelectrical machinery	23	37	34	19	10	18	22	35	20	30
Motor vehicles & equipment	37	34	34	25	14	17	26	29	14	34
Other transportation equipment	23	38	40	21	28	23	34	13	23	29
Stone, clay & glass	8	15	8	10	11	12	16	15	15	11
Fabricated metals	17	15	21	11	12	13	9	13	5	18
Instruments & photo equipment	15	18	19	11	15	14	19	16	12	17
Other durable goods	25	16	36	6	7	30	27	4	16	11
NONDURABLE GOODS	19	26	21	17	19	21	21	21	23	18
Food & beverages	17	29	25	25	27	28	24	22	24	24
Textiles	15	15	7	11	11	11	17	15	13	15
Paper & allied products	9	11	9	10	8	11	7	16	14	12
Chemicals & allied products	18	33	24	13	20	21	23	21	13	12
Rubber products	43	20	19	18	15	6	10	16	48	9
Other nondurable goods	32	20	29	24	21	26	23	23	29	30

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1982 AND 1983 ACTUAL, 1984 EXPECTED*

	Appropriations			Expenditures		
	1982	1983	1984	1982	1983	1984
All Manufacturing	-18	1	20	-3	-23	25
All Manufacturing except Petroleum	-20	11	16	-6	-15	28
Durable goods	-24	17	10	-7	-19	31
Nondurable goods	-14	- 9	27	0	-26	21
Petroleum	-15	-18	28	6	-39	19
Other	-14	4	26	-6	- 9	23

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1980	1981	1982	1983	1980	1981	1982	1983
				—APPROPRIATIONS—				
ALL MANUFACTURING	104,631	106,956	87,544	88,180	58,497	55,027	43,665	44,655
ALL MFG. EX PETROLEUM	71,756	70,052	56,020	62,462	40,215	37,054	28,584	31,942
DURABLE GOODS	44,271	42,146	32,031	37,537	24,893	22,355	16,306	19,193
Primary iron & steel	2,889	5,210	1,563	2,113	1,663	2,736	841	1,111
Primary nonferrous metals	3,384	2,482	1,082	1,164	1,883	1,497	564	578
Electrical machinery & equipment	6,544	5,787	6,663	8,869	3,668	3,073	3,446	4,475
Nonelectrical machinery	9,368	12,700	8,710	7,909	5,324	6,674	4,351	4,050
Motor vehicles & equipment	7,110	3,489	3,915	5,807	3,985	1,793	1,924	2,954
Other transportation equipment	4,201	3,099	3,225	3,601	2,293	1,589	1,599	1,816
Stone, clay & glass	2,043	2,094	1,562	1,625	1,178	1,126	826	849
Fabricated metals	1,571	1,765	1,022	960	881	931	531	506
Instruments & photo equipment	3,114	4,273	3,372	3,614	1,782	2,273	1,753	1,874
Other durable goods†	4,047	1,247	917	1,875	2,236	663	470	980
NONDURABLE GOODS	60,360	64,810	55,513	50,643	33,604	32,672	27,359	25,462
Food & beverages	6,603	5,772	5,792	5,909	3,706	3,022	2,927	2,978
Textiles	999	1,150	1,028	1,194	568	610	541	624
Paper & allied products	3,576	5,010	4,006	3,231	2,050	2,704	2,130	1,701
Chemicals & allied products	12,170	12,019	9,476	10,002	6,718	6,328	4,828	5,103
Petroleum & coal products	32,875	36,904	31,524	25,718	18,282	17,973	15,081	12,713
Rubber products	902	813	776	965	524	431	391	509
Other nondurable goods†	3,235	3,142	2,911	3,624	1,756	1,603	1,459	1,834
				—EXPENDITURES—				
ALL MANUFACTURING	88,209	101,341	98,614	75,710	49,327	51,949	49,205	38,417
ALL MFG. EX PETROLEUM	65,981	69,763	65,297	55,269	36,967	36,646	33,272	28,308
DURABLE GOODS	41,056	42,871	39,945	32,254	23,070	22,505	20,322	16,517
Primary iron & steel	3,458	3,405	3,545	2,136	1,992	1,797	1,912	1,130
Primary nonferrous metals	2,411	2,386	1,574	1,207	1,334	1,252	818	604
Electrical machinery & equipment	6,271	6,069	6,354	6,964	3,506	3,225	3,285	3,523
Nonelectrical machinery	9,826	11,289	10,906	7,768	5,569	5,939	5,425	3,969
Motor vehicles & equipment	5,555	6,688	5,610	4,007	3,109	3,429	2,749	2,042
Other transportation equipment	4,039	3,464	3,156	3,179	2,186	1,770	1,561	1,606
Stone, clay & glass	2,289	1,886	1,726	1,666	1,317	1,016	914	872
Fabricated metals	1,568	1,515	1,513	871	883	799	785	458
Instruments & photo equipment	2,889	3,629	3,827	3,145	1,653	1,931	1,988	1,634
Other durable goods†	2,750	2,540	1,734	1,311	1,521	1,347	885	679
NONDURABLE GOODS	47,153	58,470	58,669	43,456	26,257	29,443	28,883	21,900
Food & beverages	6,014	6,744	5,802	5,426	3,370	3,523	2,933	2,734
Textiles	900	1,039	1,044	975	508	550	550	510
Paper & allied products	3,859	3,746	3,653	3,357	2,199	2,025	1,935	1,774
Chemicals & allied products	10,918	11,785	11,180	9,340	6,021	6,199	5,690	4,770
Petroleum & coal products	22,228	31,578	33,317	20,441	12,360	15,303	15,933	10,109
Rubber products	801	749	704	889	465	398	355	468
Other nondurable goods†	2,433	2,829	2,969	3,028	1,333	1,445	1,487	1,535

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1984-I are revised; data for 1984-II are preliminary.

As a result of the annual updating of seasonal adjustment, all data beginning 1983-I have been revised to incorporate new seasonal factors. In addition, all constant-dollar data beginning 1983-I incorporate revised deflators.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board
Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing
July 1984

According to the large manufacturers reporting to the Quarterly Survey of Capital Investment and Supply Conditions, production facilities in July were generally adequate to meet current demand for goods. The percent of companies (weighted by assets) reporting inadequate facilities was slightly smaller in July than in April or January, and almost one-fifth of the respondents reported upwards of 20% of their existing capacity still underutilized in July. Nevertheless, the July survey results support the likelihood that mounting cash flow and incipient shortages (of raw materials and processed goods) will help to activate spending from the steadily rising backlog of appropriations for new plant and equipment posted in The Conference Board's last five quarterly surveys.

Capacity was reported sufficient to meet demand by 55% of the July respondents (Table 1). The "sufficient" response has not been this high since April 1981, and is now approaching the 1965–1983 average (57%). But a normal balance between "inadequate" and "more than adequate" capacity (historic average for each: 22%) is far from being restored. Only 8% of these large companies found their facilities inadequate in July, marking an interruption in the uptrend that began last October and reached 10% in April. Demand pressure in July was significant in only three industries (nonelectrical machinery, motor vehicles, and nonautomotive transportation equipment), while four industries posted no report of inadequate capacity. "More than adequate" capacity, on the other hand, was reported in July by nearly 37% of the survey respondents (30% excluding petroleum firms), slightly more than in April. The degree of underutilization increased in steel and nonferrous metals, but declined generally in nondurables.

The capital spending programs of about half of the July respondents were expected to generate new capacity (Table 2). This was another notch in the very gradual rise in the "expansion" response since July 1983, when a record-low 41% of the respondents were planning to enlarge plant. As in all but one of the past ten surveys, a lagging petroleum industry held back the overall "expansion" figure; excluding petroleum, 56% of the manufacturers in this latest survey were planning to spend for expansion. Although the incidence of plans to reduce capacity had been subsiding from last October's record-high 11%, the figure rose slightly between April (3%) and July (4%) owing to changes in the electrical machinery industry. Of the 17 industry groups surveyed, 10 (vs 8 in April) had no intention of cutting back on capacity, and such plans were still on the wane in most others.

The use of internal funds to finance the major portion of capital spending continues very strong (Table 4). In July, the large manufacturers raised their estimates for the current half-year to an overall record 91.9%, and projected an even higher 92.3% for first half 1985 (with a record 91.8% for durables). This finding, together with the near-unanimous perception that there has been no change in availability of external funds (Table 5), implies that the growth in capital spending programs has been made possible by a healthy cash flow.

Supply shortages, nonexistent in the survey from January to July of 1983, began to reappear last October (Table 3). Reports of products on allocation were also negligible for most of 1983 and increased in October, but have not become more widespread since then. Industrial engines and construction equipment are among the handful of items newly reported on allocation in July, but seven of the products on allocation in April were back on normal delivery in July.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984
					Inadequate					
All Manufacturing	8.4	7.9	7.0	6.8	6.8	6.3	8.3	9.6	10.2	8.2
Durable goods	11.4	10.9	11.1	10.2	10.8	9.5	14.7	18.3	18.1	14.2
Nondurable goods	5.9	5.2	3.3	3.7	3.4	3.5	3.2	2.6	3.7	3.2
					Sufficient					
All Manufacturing	45.7	45.0	41.9	39.8	44.6	47.9	50.6	52.9	54.3	55.3
Durable goods	47.6	44.6	39.4	34.0	40.6	50.0	44.3	47.5	49.0	49.0
Nondurable goods	44.1	45.3	44.1	45.0	47.9	46.0	55.6	57.2	58.6	60.5
					More Than Adequate					
All Manufacturing	45.9	47.1	51.1	53.4	48.6	45.8	41.1	37.5	35.5	36.5
Durable goods	41.0	44.5	49.5	55.9	48.6	40.5	41.0	34.2	32.9	36.8
Nondurable goods	50.1	49.6	52.6	51.3	48.7	50.5	41.2	40.2	37.7	36.3

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984
					Expansion					
All Manufacturing	55.0	56.5	56.8	46.1	45.6	40.6	44.4	46.1	49.2	49.7
Durable goods	55.7	53.3	40.7	39.9	43.4	40.9	46.0	45.2	49.0	51.6
Nondurable goods	54.3	59.5	71.6	51.7	47.3	40.3	43.1	46.9	49.4	48.1
					No Change					
All Manufacturing	41.9	36.1	37.1	44.4	44.5	50.3	44.7	48.3	48.2	46.1
Durable goods	38.7	38.5	46.9	49.3	45.5	48.8	39.9	42.6	45.6	39.2
Nondurable goods	44.8	33.9	28.1	40.0	43.6	51.6	48.5	52.8	50.3	51.9
					Reduction					
All Manufacturing	3.1	7.4	6.1	9.6	10.0	9.2	10.9	5.6	2.6	4.2
Durable goods	5.6	8.2	12.4	10.8	11.1	10.3	14.1	12.2	5.4	9.2
Nondurable goods	0.9	6.7	0.3	8.4	9.1	8.2	8.4	0.3	0.3	0.0

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984 (r)	July 1984
					Raw Materials					
All Manufacturing	0.0	0.1	0.1	0.0	0.0	0.0	0.2	0.8	0.9	1.0
Durable goods	0.0	0.2	0.2	0.0	0.0	0.0	0.3	1.0	0.0	0.1
Nondurable goods	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.6	1.6	1.7
					Processed Goods					
All Manufacturing	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.2	0.3
Durable goods	0.3	0.0	0.0	0.0	0.0	0.5	0.2	0.2	0.4	0.7
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Durable goods	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1981		1982		1983		1984		1985
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r-2)	First Half (p)
From Internal Sources									
All Manufacturing	84.3	83.6	81.3	81.5	87.0	89.9	91.2	91.9	92.3
Durable goods	82.4	83.9	79.7	78.3	85.3	88.2	89.4	90.7	91.8
Nondurable goods	85.7	83.4	82.6	84.2	88.4	91.3	92.8	93.0	92.8
From External Sources									
All Manufacturing	15.7	16.4	18.7	18.5	13.0	10.1	8.8	8.1	7.7
Durable goods	17.6	16.1	20.3	21.7	14.7	11.8	10.6	9.3	8.2
Nondurable goods	14.3	16.6	17.4	15.8	11.6	8.7	7.2	7.0	7.2

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Apr. 1982	July 1982	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984
Easier										
All Manufacturing	4.6	3.5	15.4	16.6	15.9	9.5	11.4	9.3	5.1	5.0
Durable goods	5.4	3.5	17.4	19.9	16.7	9.6	10.6	9.4	5.2	5.2
Nondurable goods	3.7	3.6	13.4	13.2	15.1	9.4	12.3	9.1	5.1	4.8
Same										
All Manufacturing	89.9	89.2	79.2	78.3	81.3	87.1	86.7	88.2	90.8	91.9
Durable goods	89.2	88.6	75.5	74.4	79.6	86.9	87.3	87.2	91.6	91.6
Nondurable goods	90.6	89.8	82.8	82.4	82.8	87.3	86.1	89.2	89.9	92.2
Tighter										
All Manufacturing	5.6	7.3	5.4	5.1	2.9	3.4	1.9	2.5	4.1	3.1
Durable goods	5.4	8.0	7.1	5.8	3.8	3.5	2.1	3.3	3.1	3.1
Nondurable goods	5.8	6.6	3.8	4.4	2.1	3.3	1.6	1.7	5.1	3.0

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.